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# The Theoretical System of Belt and Road Initiative



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# Preface

## **The Need to Accelerate Belt and Road Theoretical Construction in a New Era**

Ideas must precede the rise of a great power. As a millennial project that highlights China's ideas and Eastern wisdom, the tradition of Belt and Road yields theory, and theoretical innovation must guide the practices of Belt and Road. Standing at a new historical starting point, the use of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era to guide the acceleration of Belt and Road theoretical construction is an important means of contributing China's wisdom to the exploration of a better social system for mankind.

There are numerous developing countries along the Belt and Road route that dream of eliminating poverty, improving people's livelihoods, stabilizing growth, and achieving development. The question of how to facilitate the growth of a vast number of developing countries, including Belt and Road countries, is a strategic issue relating to trends in human society and urgently needs scientific theoretical guidance. Since World War II, many developing countries have relied on Western theories and models to achieve modernization and development, but successful cases are rare. According to World Bank statistics, from 1960 to 2008, only 13 of 101 middle-income countries and regions rose to the ranks of high-income economies; these 13 countries include nations and regions in which the United States and the West made large-scale investments and offered strategic support due to geopolitical needs. The majority of developing economies remain unable to escape low- and middle-income "traps." An important reason for this failure is that they have placed blind faith in Western theories and refuse to abandon the theoretical presupposition that "modernization means Westernization." When formulating national policies, these countries mechanically imitated the Western development model and failed to assess development theories that were in line with their unique national conditions, failed to formulate a modernization strategy suitable for their countries' realities, and failed to follow a path of effective development.

Belt and Road is a cooperative initiative proposed by China in response to changes in the global development pattern and to further the transformation of its own development mode; as a development philosophy, the in-depth advancement of Belt and Road must inevitably reflect the development experience of socialism theory with Chinese characteristics. This initiative closely integrates the reform and opening up of China with the common development of mankind, using development as the greatest common denominator, adopting cooperative win-win as the core principle, and assuming the responsibility of safeguarding the common interests of a vast number of developing countries in order to create a favorable international atmosphere for developing countries, expand development opportunities, and fight for greater rights to international discourse. This initiative corresponds with the spirit and direction of the 2030 Agenda for Sustainable Development of the United Nations (UN), because it sets targets for the global development agenda, guides the path toward realization, outlines a development blueprint, offers creative answers to difficult questions relating to global development in theory and in practice, expands the path for developing countries to move toward modernization, provides new options for countries and ethnic groups that wish to accelerate their development while maintaining their independence, and contributes Chinese wisdom and approaches to the search for a better social system for mankind.

Belt and Road theory-building is a systematic project that cannot be accomplished overnight. Rather, the results will take time and success will be found through persistence. First, it is necessary to remain firm in theoretical self-confidence, enhance political awareness, improve theoretical stances, have a profound understanding of both the significance of Belt and Road theory construction to thoughts on socialism with Chinese characteristics in a new era and its practical value in advancing development in a new era of socialism with Chinese characteristics, continue to intensify research into the major issues currently facing the world and Belt and Road construction, follow one's own theory-building path, and aptly manage in-depth ideological and academic preparations for Belt and Road to enter a comprehensive construction phase.

Second, it is necessary to delve deeply into theoretical meaning. In accordance with the requirements of the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and with the notion of building a community of common destiny for all mankind, it is necessary to forge peace, prosperity, innovation, and openness and to adhere to the civility of Belt and Road practices; remain issue-oriented; focus on basic, overall, and critical strategic issues that Belt and Road encounters in practice; accurately assess difficult points, pain points, and focal points in construction; identify exertion points, entry points, and interface points; incorporate the construction of an open world economic system; make broad plans to study the likely demands and feasibility of the construction of "six corridors and six channels serving multiple countries and ports"; thoroughly study the theoretical contents of Belt and Road in terms of fostering poverty reduction, industrialization, development cooperation, infrastructure construction, and global value chain building; strengthen analysis of the nature, causes, categories, patterns, status quo,

and trends of related problems; and ensure that the practical experience is scientific, theoretical, and systematic. To perpetuate the vision of the times and address the realities of increasingly frequent global exchanges and increasingly in-depth global governance, Belt and Road theoretical construction must contemplate China's development in combination with the development of various countries along the Belt and Road route and human society as a whole, link the problems experienced with China's reform and opening up with the challenges of peaceful development resolution, master the history and culture of Belt and Road in the context of contemporary international political realities, and explore Belt and Road construction based on the law of all-inclusiveness to promote the development of the undertaking for human progress.

Third, it is necessary to advance theoretical innovation. This requirement entails the strengthening of academic research on Belt and Road construction by focusing on the Belt and Road theme and how to apply that theme to its construction; breaking through disciplinary boundaries and forging a multidisciplinary exchange platform; exploring the development of Belt and Road studies by including them in the overall framework of philosophy and social sciences with Chinese characteristics in order to achieve comprehensive, multilevel, three-dimensional theory-building and to clarify their practical bases, disciplinary orientations, conceptual categories, research methods, theoretical tools, etc., as soon as possible; and revealing the theoretical origins, development law, construction paths, strategic steps, external conditions, etc., of Belt and Road in a new era to develop a Belt and Road discipline system that has clear concepts, profound scholarly principles, self-consistent logic, and a complete system.

It is necessary to strengthen theoretical support for Belt and Road construction. Because China is the initiator of Belt and Road, the "Chinese experience," "Chinese characteristics," and "Chinese path" will receive public attention. The apt summarization of China's practices will strengthen the ability to provide thought processes and methods for solving global problems. China's practices and experience must be summarized, refined, and generalized in the context of Belt and Road theoretical construction. The regular achievements of China's development practices should be sublimated into a systematic general theory to enhance their perceived value and universal significance. China must persist in the use of Marxist positions, viewpoints, and methods to guide Belt and Road theory-building. In addition, one must not forget one's origin while absorbing elements from the outside world and considering the future. Rather, one must strengthen the demonstration and elucidation of outstanding Chinese traditional culture and inject the distinctive Chinese cultural spirit and essence into Belt and Road theoretical construction.

It is necessary to strengthen the construction of the Belt and Road system of discourse and to vigorously build a system of discourse for mainstream research on Belt and Road. In terms of concepts, categories, propositions, etc., it is important to exert efforts to forge new concepts, new categories, and new expressions that can accommodate both China and the outside world, link ancient times with the modern world, and connect the East to the West. It is also essential to build a discursive core

with originality, identifiability, and Chinese subjectivity. It is necessary to tell a good story about Belt and Road; to continue to improve the Belt and Road system of discourse to reflect the times, internationalization, and affinity; to be dominant in diversity; to explain the direction of constant change; and to achieve deep integration of ideological motivation, theoretical appeal, and international soft power. It is necessary to closely follow the pace of development in the smart era, actively use big data technology to intensify the construction of Belt and Road database infrastructure, forge a convenient and fast resource-sharing data platform, and provide informatized and smart support for the construction of the Belt and Road discourse system. One must focus on the major problems facing Belt and Road and the world to strengthen academic research on world patterns, international strategies, and global governance; consolidate a values consensus; and pursue ideas for Belt and Road construction.

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# Chapter 1

## Win-Win Cooperation: How to Enable Belt and Road to Go Far and Last Long



Advancing Belt and Road construction is a major undertaking of China in making overall plans for two general situations: the situation at home and the international situation. It is a strategic initiative to encourage countries along the route to strengthen mutually beneficial cooperation and to seek development and prosperity together. From concept to planning and from initiative to implementation, Belt and Road shows broad strategic scalability. In the context of complex geographical characteristics, Belt and Road offers a solution to the question of how to make things work. How does the “Chinese approach” encourage countries along the route to cooperate peacefully and develop together? How does it forge a new path for the global governance system? How does it enable Belt and Road to go farther and last longer from a higher standpoint and a broader horizon?

### 1.1 China’s Contribution to Belt and Road Construction and Its Significance for the World

#### 1.1.1 *A New Legacy of the Silk Road Spirit*

More than two millennia ago, the opening up of the Silk Road by land and Silk Road by sea linked China with many countries in the three major continents of Asia, Europe, and Africa. It was under the guidance of the Silk Road that the world began to understand China and China began to influence the world. Friendly exchanges between the Chinese nation and other ethnicities led to the gradual development of a Silk Road spirit characterized by “peace and cooperation, openness and inclusiveness, mutual learning and mutual benefit, and win-win”. Today, profound changes are occurring in global patterns, and China and the world are at another strategic pass. China inherited and furthered the Silk Road spirit, encouraged onward movement, and proposed the Belt and Road initiative, which aroused historical memories among countries along its route and triggered an enthusiastic response from the

international community. Each country along the Belt and Road route has a different history, culture, and religion. Only through cultural exchange and cooperation can a common language be generated, mutual trust be enhanced, and mutual comradery be deepened in the people of the various countries. Belt and Road is closely linked with the modern themes of peace, development, cooperation, and win-win. It vividly interprets the Chinese idea of peaceful development, enriches the Five Principles of Peaceful Coexistence, conforms to the requirements of the times and the desire of every nation to accelerate development, and integrates China's development with the development of the countries along the route. Belt and Road closely adheres to modern trends in the context of global multipolarization, economic globalization, social informatization, cultural diversity, and the democratization of international relations. It reflects China's diplomatic ideas of "amity, sincerity, mutual benefit, and inclusiveness," gives the ancient Silk Road a modern connotation, and combines China's dream with the dreams of people in every country along the route.

**An economic opera needs culture to set the stage.** Cultural legacy and innovation are the "soft" supports of economic and trade cooperation among various countries. Cultural exchange is always involved in the exchange of production and life knowledge, and the introduction of advanced science, technology, and culture often directly promote regional productivity. Many scientific and cultural innovations of ancient China that were passed to the West through the Silk Road played positive roles in the development of early modern science in the West. Modern scientific knowledge of the West also passed to China through the Silk Road by sea in early modern times. Through the introduction of new technology and information, cultural exchanges can not only stimulate a society's vigor for economic development but also accelerate the process of social development. Today, a general survey of the various countries along the Silk Road indicates that a majority of them are the core forces of multipolarization and globalization, and each country along the route must draw upon the civilized achievements of other regions to foster the development of its own economy and society. The Belt and Road proposal reflects China's sincerity and amity in "friendship and partnership with neighboring countries" and shows China's respect for and understanding of the differences in history, language, religion, customs, etc., among the countries along the route. China must advocate for culture first, establish a high degree of self-awareness that culture leads the economy, promote both traditional cultural legacies and modern cultural innovations, and support regional cooperation and common development by further deepening cultural exchanges and cooperation among countries along the route.

### ***1.1.2 A New Engine for Global Economic Growth***

Since the 2008 international financial crisis, structural imbalances in the global economy have been exacerbated. The tortuous recovery during the massive adjustment lacked sufficient driving force. The Belt and Road initiative is China's prescription for the global economic downturn. It proposes policy coordination, facilities

connectivity, unimpeded trade, financial integration, and people-to-people connectivity; the building of the China-Mongolia-Russia, China-Central Asia-West Asia, New Eurasian Continental Bridge, China-Pakistan, China-Indochina Peninsula, and Bangladesh-China-India-Myanmar international economic corridors; cooperation among countries along the route to develop strategies, advantages, and regional positions; the launch of international industrial capacity and transnational industrial chain cooperation; the establishment of the Asian Infrastructure Investment Bank (AIIB) and the Silk Road Fund to provide financial support; and the execution of new free trade agreements and improvement of existing free trade agreements.

Belt and Road construction will add new impetus to the common development of every country along its route and inject new vitality into global economic development, helping the global economy to achieve balance and recovery growth and contributing to the cooperative development of a prosperous world. From the perspective of large regional economic markets, Belt and Road is composed of interconnections and intercommunications between node cities and ports along the route and the trade networks and economic belts of radiating cities and their hinterlands. It is a vast “free trade” market that promotes the free circulation of various elements—including commodities, funds, talents, technologies, and information—throughout the Asian, Asian-European, and Asian-African economic and trade markets. Belt and Road construction conforms with the trend of economic globalization, promotes the orderly and efficient free flow of economic elements, and achieves the efficient allocation of resources. Thus, every country along the route is encouraged to achieve economic policy coordination, engage in regional cooperation of a greater scope and at higher and deeper levels, and form new economic cooperation architecture to enable the free flow of production elements. From the perspective of industrialization, the roll-out of the Belt and Road strategy shows that China's industrialization process is generating significant “spillover” effects. Countries along the Belt and Road route are at different stages of industrialization and different levels of economic development; in addition, they are characterized by different resource endowments and industry types with different advantages. The transfer of industrial capacity and cooperation among various countries will foster the effective development of the Belt and Road national industrial chain and the construction of a detailed production network, which in turn will stimulate industry upgrades, economic development, and further improvements in industrialization in countries along the Belt and Road route.

### ***1.1.3 New Exploration of the Construction of a Community of Common Destiny***

Unlike the manner in which great nations historically rose to power, that is, using force to take advantage of other countries and adopting a “winner take all” strategy, the Chinese Belt and Road initiative upholds the idea of “letting oneself live well and also letting others live well.” The belief is that the flame will be highest when

everyone picks up firewood, and the thinking is that development is good only when everyone develops together. One must start from the fundamental basis of seeking mutual benefits and win-win situations for every country along the route. This idea fully reflects China's determination to achieve peaceful development and its sincerity in practicing the justifiable benefit concept of "being generous to the people in the world when one is rich." As China's comprehensive national power increases and its international influence expands, China has the ability and the desire to provide more public goods to the world. In the course of Belt and Road advancement, people are given both fish and the means of fishing. Under the premise of a commitment to maintain strategic resilience and by having China play a leading role, Belt and Road will reveal the development potential of regions along the route, fully mobilize enthusiasm in countries along the route, actively promote a state of mutual benefit, win-win, and cooperative development, and allow the countries along the route to ride or even "hitchhike" on China's development "express train" in a sustainable manner.

China is willing to use a constructive stance to drive international order and global governance in order to achieve a more just and reasonable direction. At present, as the "global governance deficit" increasingly widens and international order and global governance are at a turning point, the existing international system of rules fails to reflect changes in global power structure, lacks a system designed to manage transnational affairs, lacks respect for the diversity of civilizations, and fails to effectively manage global affairs. The international community urgently needs to improve, innovate and integrate the existing international system of rules. Belt and Road construction abides by the purpose and principles of the *Charter of the United Nations* and supports the idea of global governance through broad consultation, joint contributions, and shared benefits. Bearing in mind the common needs and complementary advantages of every country along the route, Belt and Road construction carefully supplements existing mechanisms, considers the diversity of cooperation models, promotes the simultaneous advancement of system construction and pragmatic cooperation, and seeks the coordination and common advancement of regional and global governance. Through pragmatic cooperation, the destinies of people in the countries along the route are closely linked, which not only facilitates economic prosperity and social development in the countries along the route but also promotes mutual trust and learning among the various countries, encouraging every country to join in forging a community of common interests, common responsibility, and common destiny that is characterized by mutual political trust, economic integration, and cultural tolerance. Belt and Road development has stimulated and promoted common development in the world, prompted the search for a new model of global governance, demonstrated an innovative spirit that transcends narrow ethnic and national interests and ideological disputes, and launched a new voyage to build a community of common destiny for all mankind.

## **1.2 Three Main Principles that Ensure a Broad and Smooth Path for Belt and Road**

To go far, things must first work well. The inherent requirements for sustainable and healthy Belt and Road construction are high-quality planning and coordination that advance the initiative in an energetic, orderly, and effective manner. Belt and Road strategy is an inclusive and open strategic concept. It recognizes pluralistic national strategic demands and includes multiple functions for opening up to the outside world, showing broad regional scalability and strategically highlighting multiple means of opening up—such as cooperation, mutual trust, exchange, and integration—which fully employ existing cooperative mechanisms and platforms, consider the interests and concerns of all parties, seek the greatest common denominator for cooperation, and encourage the countries along the route to interface with one another and complement each other's advantages in development strategy. The coordinated advancement of Belt and Road construction shows that amassing a fortune through war and colonial plunder is not the only way to develop human society. Rather, a different and harmonious development path characterized by broad consultation, joint contributions, and a win-win attitude should become the favored option of the international community. The idea of a community of common destiny advocated by China requires that no country be left behind. Certain countries may develop sooner or later, but all countries must help each other as they travel in the same boat and develop together as the boat rises with the tides, achieving broad consultation, joint contributions, and shared benefits and shouldering responsibilities together to achieve a win-win situation.

### ***1.2.1 Broad Consultation Is a Workable Foundation and Principle***

Broad consultation means drawing on collective wisdom and absorbing all useful ideas while considering the interests and concerns of all parties and incorporating the wisdom and creativity of all parties to allow good deeds to be discussed and performed by everyone. “Belt” and “Road” initiatives were proposed in Kazakhstan and Indonesia, respectively, and involved broad consultation with the host countries. Broad consultation in Belt and Road construction emphasizes openness and honesty among participants without fear of disagreement or problems, carefully ensuring equal consultation, adopting dialogue as the “golden rule” without deliberately pursuing unanimity or forcing people into doing the impossible, and remaining highly flexible. China maintains friendships and partnerships with neighboring countries; continually brings harmony, security, and prosperity to its neighbors; implements the ideas of amity, sincerity, mutual benefit, and inclusiveness; and strives to ensure that its own development benefits other Asian countries. Numerous countries are located along the Belt and Road route, and there are significant differences among

them in terms of development level, economic scale, and culture and customs. Using broad consultation as a foundation, each country along the route can participate in consultation as an equal participant. Moreover, it is only by considering the interests and concerns of all parties that strength can be consolidated in earnest and the wisdom of all parties can be reflected. Broad consultation in Belt and Road construction implies civilized tolerance, mutual respect, and mutual trust; promotes civilized dialogue and mutual learning; accepts the development path chosen autonomously by each country; and respects the practices of each country in pursuing economic and social development. “Attend to one’s virtue in solitude when poor and benefit all of the people in the world when rich.” Broad consultation in Belt and Road construction considers institutionalized arrangements to advance cooperation and establish a series of consultation mechanisms; reveals the potential of each country through goal coordination, policy coordination, and planning interfaces; allows the advantages of various parties to complement each other and the interests of various countries to converge; and continuously expands opportunities for cooperation and strategic integration to form a synergistic effect.

### ***1.2.2 Joint Contributions Are the Core and Means of Coordinated Development***

China is the advocate for Belt and Road, but its construction is not a matter for China alone; rather, each country along the route can play a role. Only when all parties set the stage and help each other will Belt and Road repeatedly put on a good show. As the sponsor nation, China has encouraged joint contributions to Belt and Road through actions taken since the beginning of the initiative. Joint contribution in the Belt and Road context reflects the principle of voluntarism; respects the laws and regulations of every country; follows international rules and conventions; makes overall plans to address the common interests of various countries along the route that have different interests and concerns; and strives to create an environment in which every country gives full play to its comparative advantage, regions cooperate in linking and mobilizing forces, and the entire line advances steadily as one body. Joint contribution in Belt and Road entails the government providing direction, coordinating publicity and establishing mechanisms, as well as paying attention to the construction of a cooperation mechanism that uses markets as the basis and enterprises as the mainstay in an effort to organically combine governments, markets, and societies. Joint contribution in Belt and Road will accomplish much in the long term, allowing for top-level design and planning, standing on solid ground, accelerating the advancement of projects through consensus and laying the foundation to achieve early gains. Joint contribution in Belt and Road is a realistic vehicle for achieving a community of common destiny and is the best implementation strategy for building a community of common destiny together.

### ***1.2.3 Win-Win Is the Goal and Impetus for Going Further with Partners***

China is committed to its own development but also emphasizes its responsibility and contributions to the world, firmly believing that major, beneficial, and long-term accomplishments are only possible with a cooperative win-win strategy. In the 31st Collective Study conducted by the Political Bureau of the Communist Party of China Central Committee on the history of the Silk Road and the Maritime Silk Road, Xi Jinping emphasized that Belt and Road construction must allow more countries to ride on China's development express train to help such countries to achieve their own development goals. The Belt and Road initiative began with the fundamental interests of cooperative win-win for the Chinese people and all other nations of the world, bringing benefits not only to the Chinese people but also to the people of the world. China stays on a peaceful development path by interfacing its development strategy with the development strategies of other countries and linking its capital, technology, and superior industrial capacity output to the economic development needs of other countries in order to enhance strategic fit and interest convergence and to seek the greatest common denominator for win-win development. To give full play to existing cooperation mechanisms and platforms, China has actively promoted the establishment of new financial cooperation mechanisms such as the AIIB and Silk Road Fund; encouraged bilateral and multilateral comprehensive and pragmatic cooperation with a greater scope, in more fields, and at deeper levels; and supported benign interaction and common development of the economies, politics, cultures, and security of countries and regions along the route.

From concept to planning and from initiative to implementation, Belt and Road has engaged an increasing number of participating partners, industrial capacity cooperation has advanced significantly, financial supports such as the AIIB and Silk Road Fund have been implemented successfully, large and iconic projects such as the China-Pakistan economic corridor and the China-Thailand and Hungary-Serbia railways have progressed in an orderly manner, and the positions of countries along the route in global supply chains, industrial chains, and value chains have risen continuously. Belt and Road construction will inevitably induce every country along the route to launch greater, broader and deeper regional cooperation to facilitate the creation of open, inclusive, balanced, and universally beneficial regional cooperative architecture and to establish a good example of global cross-regional cooperation.

## Chapter 2

# A New Development Idea: Leading the Construction of a Community with a Shared Future for Mankind



The term “community with a shared future for mankind” first appeared in the white paper titled *China’s Peaceful Development*. The white paper proposed that “The international community should reject the zero-sum game that was a product of the old international relations, the dangerous cold and hot war mentality, and all those beaten tracks that repeatedly led mankind to confrontation and war. It should find new perspectives from the angle of the community of common destiny, sharing weal and woe and pursuing mutually beneficial cooperation, exploring new ways to enhance exchanges and mutual learning among different civilizations, identifying new dimensions in the common interests and values of mankind, and looking for new paths to handle multiple challenges through cooperation among various countries and realize inclusive development.”

### 2.1 The Theoretical Framework for the Idea of a Community with a Shared Future for Mankind

The idea of a community of common destiny for all mankind is rooted in the long history of traditional Chinese culture. As early as the Warring States period, more than 2000 years ago, the Chinese thinker Xun Kuang expounded in *Xunzi—Wangzhi (The Regulations of Kings)* on the need for mutual dependence and support in the development of human society. Like all actors derived from people, a nation has the attributes of the flocking instinct and symbiosis, and its survival and development are interdependent with those of others. All parties bound up in the symbiotic relationship flock together due to their own symbiotic needs. Only by inclusively allowing others to have better and more development conditions so that they can obtain more and better self-actualized results can one satisfy its own greater and higher needs and obtain greater and more real power and interests. This orientation shows that all parties bound up in the symbiotic relationship enjoy mutual benefits and have a cooperative win-win nature.

According to the logic of mutual benefit and cooperative win-win, we can build a fountainhead that is more stable, more just, and more reasonable and that serves greater interests. Mutual respect and mutual trust must exist at the baseline of symbiosis. We cannot tear each other down and step on each other's feet. This statement reflects the logic of mutual benefit and cooperative win-win.

The idea of a community of common destiny for all mankind originates from a clear understanding of the development of human society and the contemporary international order. Today's world is no longer a unipolar or bipolar world, as interdependence is increasingly apparent. The world is presently in the midst of a general trend whereby "we are among you and you are among us" and "one honors all and one harms all," and the systemic structure of international relations is becoming stronger. The idea of a community of common destiny for all mankind implies that the domestic development and domestic policies of all countries must be responsible not only to the domestic society but also to the international community. Promoting the harmonious and stable development of domestic society is a contribution to the international community. It is necessary to promote international order and international systems to develop in the direction of a just, reasonable, and symbiotic relationship baseline and to provide more and better global opportunities and conditions for all countries in order to promote harmonious and stable development of domestic societies without creating additional global risks and problems. History has proven that the parasitic international system has exited the stage, and history will prove the inevitability of the replacement of a hegemonic international system with a symbiotic international system. This inevitability is shown by the historical development trend of a symbiotic global system. The idea of a community of common destiny for all mankind is summarized from the practices of human society. It is an idea that reflects the characteristics of the times and conforms with the interests of the people.

## **2.2 The Practical Path to a Community with a Shared Future for Mankind**

### ***2.2.1 "Five Development Concepts" Guide the Construction of a Community with a Shared Future for Mankind***

Innovation, coordination, green development, opening up, and sharing in the "Five Development Concepts" are the major development strategies formulated by China to solve difficult problems in development, lay a solid foundation for developing advantages, and activate the impetus for development. Although these strategies were proposed to target China's current development status, they fit very well with proposed responses to various problems facing the world and provide a guiding ideology and value significance to China's participation in global governance.

First, innovation is the number one impetus for building a community of common destiny for all mankind. The proposal of a community of common destiny for all mankind will inevitably trigger innovations in theory, systems, cultures, technology, and other fields. It will also constitute a reform that ends the Western “meta-narrative”—thereby establishing “China’s right to discourse” and causing different systems, cultures, and civilizations to learn from each other and to coexist by breaking the monopoly of the Western value system—and an innovative development that advances the global order and international rules.

Second, coordination solves the development imbalance problem and achieves dialectical, system, and overall development. China is the largest developing country in the world and boasts the second largest economy. It is subject to demands to improve people’s livelihoods similar to those in emerging market countries and faces transformation and upgrade dilemmas similar to those in developed countries. Thus, as it directs the construction of a community of common destiny for all mankind, China must uphold the interests of developing countries by striving to increase developing countries’ right to speak and right to discourse in the global economic governance structure. It also must actively seek common topics of discussion to enhance coordination and communication with developed countries.

Third, China must strive to construct a clean and beautiful world in a green and low-carbon manner. It must build an ecosystem that respects nature and green development. “Mankind has only one earth, and it is home to all countries.” The construction of an ecological civilization concerns the future of mankind. The international community should jointly seek ways to construct a global ecological civilization. Only through mutual respect and equal treatment can multiple countries achieve a cooperative win-win situation and common development. China must pursue green development in terms of spatial patterns, industrial structure, production modes, lifestyle and value concepts, and systems. China and the world share weal and woe and must advance together to overcome challenges.

Fourth, opening up ought to be inherent in a community of common destiny for all mankind. In-depth assimilation into the world economy and active participation in global economic governance to advance the construction of an open world economy and achieve economic globalization and rebalance and common prosperity and development will ultimately solve the problem of linking and mobilizing internal and external development. To this end, the Fifth Plenary Session of the 18th Communist Party of China Central Committee asserted that “to persist in open development, China must follow the trend of in-depth assimilation of China’s economy into the global economy, pursue an openness strategy of mutual benefit and win-win, develop a higher-level open economy, vigorously participate in global economic governance and the provision of public goods, raise China’s institutional discourse power in global economic governance, and build a broad community of common interests.”

Finally, sharing is the soul of the construction of a community of common destiny for all mankind. To persist in shared development is to strive to improve global welfare, enhance people’s sense of achievement, solve the problem of social fairness and justice, display China’s worldview of “benefitting all of the people in the world,”

and promote the courage and determination of various countries in the world to pursue common development.

### ***2.2.2 Allow the Idea of a Community with a Shared Future for Mankind to Take Root in Neighboring Countries***

The periphery is where China must start its pursuits and the base from which it will develop and prosper. “The rise of any great power needs a reliable peripheral belt of support.” The first beneficiaries of China’s rapid development are its neighboring countries, and the motivation for building a community of common destiny for all mankind should start at the periphery because neighboring countries can ride on China’s development express train and achieve common development. China and its neighboring countries have many similarities in terms of culture, values, and ideas, which provide a good foundation for building a community of common destiny. China must “weave a closer network of common interests” in neighboring countries, “allow a sense of community of common destiny take root in neighboring countries,” and “achieve pluralistic symbiosis and inclusive common advancement.” At the same time, to reduce the negative effects of external fluctuations on the Asian region, Asian countries must strengthen internal integration, promote internal communication and coordination in the region, and enhance the quality and global competitiveness of its economic development as a whole.

China’s policymaking must interface with that of neighboring countries. For example, the construction of the Silk Road economic belt must interface with the “Mahinda Vision” in Sri Lanka, the “Era of Power and Happiness” in Turkmenistan, the “Bright Road” in Kazakhstan, and the “Prairie Road” in Mongolia and the 21st Century Maritime Silk Road must interface with the “Maritime Power” and “Maritime Highway” of Indonesia. China needs to achieve cooperation by seeking a consensus to become a new initiator of cooperation with neighboring countries and the continued prosperity of a community of common destiny for all mankind. In the current environment, China should work with neighboring countries to establish key strategies that reflect common needs, deepen regional integration, strengthen top-level design, explore new growth points, and foster new competitive advantages. The formation of three-dimensional and pluralistic support at different levels—such as economic, cultural, and policy interfaces—will enable the construction of a community of common destiny to maintain an inherent vitality even in an unfavorable international environment.

Economic interdependence among China and neighboring countries can serve as a breakthrough point for a “community of common destiny”. It may also significantly contain disputes over territorial rights between China and its neighboring countries by giving China and its neighboring countries a secure place from which to seek common development. China fully understands this issue. China has already strengthened intercommunications and interconnections with periphery nations in

the economic realm. For example, it is committed to making Pakistan “an example of China’s construction of a community of common destiny with neighboring countries,” ensuring that Vietnam is “not only a friendly neighbor linked by rivers and mountains but also a community of common destiny with integrated interests and common goals,” “proceeding hand-in-hand” with Laos “to forge an unbreakable China-Laos community of common destiny,” “continuing to be a good friend with a high degree of mutual trust, a good partner that is straightforward, and a community of common destiny that shares weal and woe” with Cambodia, etc. China has also committed to the construction of a China-India-Myanmar-Bangladesh economic corridor, a China-Mongolia-Russia economic corridor, a China-Pakistan economic corridor, etc., through the Belt and Road initiative.

In the process of establishing a “community of common destiny” with neighboring countries, the intermingling of cultures is the foundation for coordination. In recent years, China has intensified the development of its exchanges with surrounding areas in terms of movies, popular music, and television shows, allowing each country to more vividly and quickly understand the culture and history of the other country through these media. The use of more clear-cut and effective cultural media in surrounding areas to achieve a true leapfrog-style blending is an issue that media professionals and academic circles should consider together.

### ***2.2.3 Advance the Construction of a Community with a Shared Future for Mankind by Strengthening Regional Cooperation and Relations Among Great Powers***

In recent years, Xi Jinping, General Secretary of the Communist Party of China, has repeatedly emphasized the importance of a community of common destiny in his state visits. For example, during a visit to Tanzania, he said that “The people of China and Africa have forged a heart-to-heart brotherhood that breathes together with a common destiny” and “China and Africa have always been a community of common destiny. Common historical experiences, common development tasks, and common strategic interests link us closely together”, among other statements. During visits with the Association of Southeast Asian Nations (ASEAN), the Arab League, and Latin America, he proposed the concept of a China-ASEAN community of common destiny, a China-Arab League community of common destiny, and a China-Latin America community of common destiny, respectively. Strengthening regional cooperation is an important component of China’s foreign policy in a new era and is necessary for China’s own development. The promotion of regional policy coordination, advancement of unimpeded trade and facilities connectivity with these regions, and further liberalization and facilitation of construction in trade, investment, and commercial interactions increase the people-to-people connectivity between China and the countries in these regions.

In a situation of global multipolarization, economic globalization, and democratization of international relations, every country is linked more closely together and there are many common and convergent points of interest between great powers. In a pluralistic and symbiotic international community, inclusive common advancement is the best option for managing relations among great powers. China does not ally itself with any great power or group of countries, nor does it use ideology or social systems as a yardstick for conducting relations with other countries. It advocates the building of partnerships, rather than alliances, between countries through dialogue without confrontation. In international relations, a country cannot talk only about its own interests but rather must implement the concept of the correct justifiable benefit. Great powers must respect each other's core interests and major concerns; manage contradictions and differences; strive to build new relations without conflict or confrontation but rather with mutual respect and a cooperative win-win approach; uphold the principles of peace, sovereignty, universal benefit, and joint governance; develop new territories for cooperation; and so on. These requirements provide a guide for managing relations among great powers and ultimately for building a community of common destiny for all mankind.

#### ***2.2.4 Use the Image of a Responsible Great Power to Advance the Construction of a Community with a Shared Future for Mankind***

A country's national power is supplemented by its international responsibilities. As China's national power has grown, the international community has come to expect more from China. At the same time, China's "sense of responsibility" and "responsibility demands" have also increased. China actively participates in multilateral regional cooperation, and its proposal to construct a community of common destiny for all mankind is an important manifestation of China's provision of a public good to the world and its presence as an internationally socially responsible great power.

In the construction of the international system, China must clarify its role, not only as a participant but more importantly as an organizer and contributor; actively assume the responsibilities of a great power; strengthen its efforts to shape and influence regional mechanisms; encourage the development of new international relations based on a cooperative win-win approach and a more just and reasonable international order; and demand the establishment of targeted dialogue and cooperation mechanisms to enhance China's right to discourse and right to speak.

The idea of a community of common destiny for all mankind represents the fundamental outlet for the development of human society and will necessarily advance the democratized, rule of law based, and rationalized development of international relations.

## Chapter 3

# Focus on a New Era: Broad Consensus for Building a Community with a Shared Future for Mankind Together



The haze over the current international economic and financial crisis has been difficult to disperse, and the global economy remains in a period of major adjustment. Contrary to the globalized ideological trend, xenophobia and populism have gained ground and the influence of the “clash of civilizations” theory has resurged. Countries along the Belt and Road route have different histories, cultures, religious beliefs, and traditional customs. How can the clash of civilizations be avoided? While China achieves steady and rapid development of its own economy, it also advocates Belt and Road construction, urging countries along the route to work together to link and mobilize common development and playing an active leading role in overall global development. Belt and Road not only reflects the goals and rules of China’s national governance system and capability but also opens up the potential for global governance led by China, which is committed to forging a Belt and Road community of common interests.

### 3.1 A New Platform for International Development

#### 3.1.1 *Focused Development*

The 2008 international financial crisis was a watershed moment for global development. One could say that in the past, we thought that developed countries had developed sufficiently and embraced the idea that developing countries needed to catch up, but the reality was not so. Development is the eternal theme of human society, and there is only time for conducting development without a time of completion. Regardless of whether a country is developed or developing, one must continuously develop and improve to satisfy people’s continuous desire for a better life. Development has always been an unyielding principle for running the world and the greatest difficulty of the contemporary era. The Belt and Road initiative seized upon this key issue, focusing on development and policy coordination, facilities connectiv-

ity, unimpeded trade, financial integration, and people-to-people connectivity while paying attention to the comprehensive conditions for improving international development as a whole, which has helped developed countries along the route emerge from under the haze of the international financial crisis and increased the desire of developing countries to eliminate poverty and backwardness. Belt and Road is a pioneering work in the field of international development.

### ***3.1.2 China's Leadership Role***

Belt and Road is China's development initiative, but the results benefit the entire globe. Statistics show that in 2016, the total amount of import and export between China and countries along the Belt and Road route amounted to 6.3 trillion CNY and direct investment reached 14.5 billion USD, which accounts for 8.5% of China's total foreign investment. Chinese enterprises have already established 75 overseas economic and trade cooperation zones in 24 countries along the route, with cumulative investment exceeding 50 billion USD. They have also created nearly 200,000 employment positions. These results have attracted worldwide attention, showing clearly that Belt and Road has provided a platform and opportunity for common development, gaining the recognition of an increasing number of countries, and manifesting China's role as a great power and the wisdom of the East.

### ***3.1.3 Benefitting the Entire Route***

Development must benefit people's livelihoods, meaning that the people along the Belt and Road route must receive tangible benefits. Belt and Road has clear appeal in this regard. As a series of major Belt and Road projects are implemented and grown, a batch of influential and iconic projects have gradually emerged, and people along the route are continuously realizing early gains. For example, China Railway Express, which started running in 2011, went from an average of one train per month to a current average of five trains per day. The cumulative number of train runs exceeds 6600, sending German beer, Spanish ham, Kazakh flour, and fresh Belarusian milk into the hands of Chinese consumers while marketing well-made Chinese clothing, toys, and small household appliances at excellent prices in Europe.

## 3.2 A New Approach to Global Governance

### 3.2.1 *Being Open to Ideas*

Belt and Road does not exist in closed, small circles or private back gardens. Rather, it only persists under the principles of broad consultation, joint contributions, and shared benefits. It embraces peaceful cooperation, openness, inclusiveness, mutual learning, and the Silk Road spirit of mutual benefits and win-win to pursue a more beautiful vision of the future. All countries can join the Belt and Road regardless of their size, wealth, and strength. It was this compelling idea that prompted more than 100 countries and international organizations to respond positively to the Belt and Road Initiative, more than 80 countries and international organizations to sign joint contribution and cooperation agreements with China, and more than 30 countries to sign industrial capacity cooperation agreements with China. The heads of state and government leaders of 29 countries attended the Belt and Road Forum for International Cooperation, and the more than 1600 participants included representatives of more than 80 international organizations and officials, scholars, entrepreneurs, financial institutions, and media from more than 140 countries. One can conclude that the close and powerful global partnership network of Belt and Road is taking root and that an open and inclusive global governance system is developing.

### 3.2.2 *Strategic Interfaces*

President Xi Jinping noted that the fate of the world must be jointly managed by the people of every country and that global accomplishments can only be achieved through joint consultation among the governments and people of every country. Peace, development, cooperation, and a win-win situation are the dreams of people in every country, and Belt and Road is the bridge that links these dreams. Doing good things requires more consultation. The Belt and Road strategy, which encompasses the “China Dream,” has interfaced with the development strategies of multiple countries along the route, including Russia’s “Eurasian Economic Union,” Kazakhstan’s plan for the “Bright Road,” Turkmenistan’s “Era of Power and Happiness,” Mongolia’s plan for the “Prairie Road,” Pakistan’s “Vision 2025 Planning,” Laos’ strategy for “Transforming from a Landlocked Country to a Land-linked Country,” Indonesia’s development planning for a “Global Maritime Axis,” the African Union’s “Agenda 2063,” Serbia’s “Reindustrialization National Strategy,” Australia’s plan for “Developing North Australia,” the United Kingdom’s “Northern Powerhouse,” and so on. These interfaces are based on mutual consultation and understanding regarding the pursuit of common ideas, facilitating contact among countries and thereby achieving complementary advantages and mutual benefits.

### **3.2.3 *Win-Win Goals***

Belt and Road interests are not exclusive to certain countries but rather can be shared by every country in the world. Moreover, Belt and Road development is not an exclusive show by selected countries but rather should be a chorus that includes every country in the world. “China can only do well when the world does well, and the world is well only when China is well.” The Belt and Road initiative and the idea of building a community of common destiny for all mankind can be traced to the same origin as the purpose and principles of the *Charter of the United Nations*. These concepts are highly consistent with the goals and spirit of the 2030 Agenda for Sustainable Development of the United Nations and have been written into numerous UN resolutions, receiving wide recognition by member states and stimulating a new driving force for global governance. By promoting global governance, China provides the world with a participatory, inclusive, and win-win approach, forging a community of common responsibility with one heart.

## **3.3 A New Model of Civilized Mutual Learning**

Various countries along the Silk Road share common emotional identities and collective memories. Belt and Road must be an adhesive for people-to-people connectivity and a catalyst of humanities exchanges, avoid cultural conflicts, foster cross-cultural cooperation, drive the mass revival of ancient civilizations along the route, and commit to the development of a community of common destiny for all mankind.

### **3.3.1 *Remain Firm in Cultural Self-confidence***

President Xi Jinping observed that a cause without cultural support is unlikely to last long. For Belt and Road to proceed steadily and well, the role of humanities must be intensified. If the world competed on the economy in the 19th century and on military affairs in the 20th century, then it competes on culture in the 21st century. The economy makes a country magnificent, military affairs make a country powerful, but culture makes a country great. Belt and Road emerged from the depths of history and carries the gene of Chinese civilization. China, as the first advocate of the Belt and Road initiative, must maintain its self-confidence regarding the Silk Road culture and loudly extol both China and culture. Belt and Road, as the most popular public goods in the contemporary world, must pay more attention to humanities exchange and people-to-people connectivity and set an example of cross-cultural exchange.

### ***3.3.2 Practice Civilized Mutual Learning***

Belt and Road must not only provide the world with economic development and cooperation opportunities but also offer a platform for exchanges between different cultures in order to allow every country along the route to enjoy a win-win situation through mutually beneficial cooperation and mutual learning and exchanges. Civilized mutual learning helps to break ideological barriers; increase cultural inclusiveness; foster acceptance of the “alienness” of others; deepen interpersonal, interracial, and interfaith communications; establish mutual trust and understanding between nations and regions; and boost the maintenance of world peace and the promotion of common development. We must draw upon the rich historical and cultural resources of the Silk Road to enhance cultural exchanges and communications among various countries along the route and continuously lay a solid foundation in people’s hearts for Belt and Road construction.

### ***3.3.3 Do Good Work on Humanities Exchanges***

China formulated the *Action Plan for Belt and Road Cultural Development (2016–2020)* and signed 318 intergovernmental cultural exchange and cooperation agreements, implementation plans, and agreements to jointly establish cultural centers with countries along the Belt and Road route. One hundred and thirty-four Confucius Institutes and 130 Confucius Classrooms are located along the route to steadily advance the “Silk Road Film Bridge Project,” the “Silk Road Book Project,” and other cultural projects, forming a Belt and Road humanities exchange situation in which the level of exchange continuously increases, the scale of exchange continuously broadens, the fields involved gradually expand, and the mechanisms improve and approach perfection on a daily basis. Culture and the economy reflect and shine on each other, and the material and the spiritual become integrated with one another. Humanities exchange in Belt and Road fosters exchanges, mutual learning, and the harmonious symbiosis of different civilizations.

## Chapter 4

# The Four Self-confidences: The Practical Path to a Community with a Shared Future for Mankind



The idea of a community with a shared future for mankind and the Belt and Road initiative are both public goods driven and shaped by the diplomatic efforts of a great power with Chinese characteristics, but each has a distinctive focus. A community with a shared future for mankind provides the theoretical support, value adherence, and ideological navigation for the Belt and Road Initiative. Belt and Road is a new fulcrum, new path, and new effort to build a community of common destiny for all mankind. The two concepts supplement each other, existing together and building with dialectical unity.

In the present situation, using Belt and Road as the focus for building a community of common destiny for all mankind is highly significant in terms of manifesting China's self-confidence in the path, the theory, the system, and the culture. It is suggested that a community of common action be forged, a community of common links and mobilization be constructed, a community of common development be strengthened, and a community of common emotions be fostered in order to form a community of common destiny for all mankind that allows the joint creation of benefits, assumption of responsibilities, and resonance of emotions.

### 4.1 Using Belt and Road as the Starting Point for Building a Community with a Shared Future for Mankind Is Highly Significant

On many occasions, General Secretary Xi Jinping has elaborated in-depth the idea of building a community of common destiny for all mankind and proposed long-term goals for the construction of a "Five-in-one World" where there is lasting peace, universal security, common prosperity, openness and inclusiveness, and cleanliness and beauty, which reflects the Chinese approach to advancing the development of human society.

Belt and Road is the top-level design of China's economic diplomacy; it has become the largest inclusive cooperation platform and covers the broadest economic development zone in the world today. In the present situation, using Belt and Road as the starting point for building a community of common destiny for all mankind is highly significant.

#### ***4.1.1 Focus on Development to Manifest China's Self-confidence in the Path***

China is the largest developing country in the world and has become the second largest economy in the world by following a development path that suits its unique national conditions. A community of common destiny for all mankind and the Belt and Road initiative aim to address current economic globalization problems. China must focus on development, pursue shared benefits, lead vast numbers of developing countries in the search for development ideas, models, and paths that suit their respective national conditions, and clear the path for developing countries to move toward modernization.

A community of common destiny for all mankind and Belt and Road were separately written into the resolutions of the UN General Assembly and Security Council. China successively established the China-United Nations Peace and Development Fund, the South-South Cooperation Assistance Fund, and other funds to help developing countries implement the development agenda. According to statistics, from 2013 to 2016, China has invested more than 60 billion USD in countries along the Belt and Road route, generated more than 1.1 billion USD in tax revenues and created 180,000 employment positions, which have contributed to improvements in local people's livelihoods, infrastructure construction, and increases in production capacity. At present, more than 100 countries and international organizations have responded positively to and participated in the Belt and Road initiative.

#### ***4.1.2 Perfect Governance to Manifest China's Self-confidence in the Theory***

Governance is a common problem in human society. At present, the contribution of emerging market countries and developing countries to global economic growth has reached 80%, but the global governance system is rigid and lags behind economic development and thus fails to reflect recent changes in the global situation. The idea for a community of common destiny for all mankind espouses a global governance view involving broad consultation, joint contributions, and shared benefits. It also supports a world order view that maintains the UN charter, an international responsibility view focused on the interests of developing countries, an open, inclusive,

and win-win economic globalization view, and the common human values of peace, development, democracy, and freedom. In sum, it contributes China's wisdom to the search for a better social system.

Belt and Road achieves three "transcendences": it transcends the geopolitical tools of political and military alliances to attain a platform for pragmatic cooperation; it transcends a foreign aid program based on ideological marking to achieve the linkage and mobilization of development initiatives; and it transcends small groups to create a "circle of friends."

### ***4.1.3 Advance Innovation to Manifest China's Self-confidence in the System***

Innovation is the primary impetus for leadership in development. As of 2016, the contribution rate of China's scientific and technological progress exceeded 56% and the total amount of shared economic transactions reached 3.45 trillion CNY, reflecting an increase of 103% compared with 2015. China ranked 22nd in the World Intellectual Property Organization's *Global Innovation Index 2017*, successfully ascending into the ranks of global innovation leaders.

China leads the construction of the Belt and Road innovation system. China's Internet, e-commerce, mobile payments, bicycle-sharing, high-speed railway, Beidou navigation, unmanned aerial vehicles, and other innovative products and services emerged from the country's gateway, injecting new vitality into the economic and social development of countries along the Belt and Road route. China initiated the establishment of the AIIB, the Silk Road Fund, and other innovative financing mechanisms. It is committed to constructing new types of Belt and Road regional cooperation models; reducing system transaction costs through bilateral, tripartite, regional, and multilateral cooperation; and promoting the orderly flow of production elements, the efficient allocation of resources, and the deepening of market integration. China's Belt and Road initiative is paving the way for a new type of economic globalization, forging an open world economic system and contributing a new driving force for global economic recovery.

### ***4.1.4 Engage in Civilized Mutual Learning to Manifest China's Self-confidence in the Culture***

Culture is an important component of a country's core competitiveness, and the great revival of the Chinese nation is essentially a Chinese cultural renaissance. Belt and Road should be similarly mutually aware of culture, ideology, ideas, and spirit. In recent years, more than 6.2 million copies of the book *Xi Jinping: The Governance of China* have been released globally; Mo Yan, Cao Wenxuan, and

Liu Cixin have successively received major international literature awards; Chinese Internet literature has become popular overseas; television shows such as *A Beautiful Daughter-in-law Era* are hits in Africa; and China has signed intergovernmental cultural exchange and cooperation agreements with all countries along the Belt and Road route to establish Confucius Institutes or Classrooms in 51 countries and to provide 10,000 government scholarships each year. Nearly one-half of the foreign exchange students in China come from countries along the Belt and Road route, showing clearly that the international influence and compelling power of Chinese culture have steadily increased. China is transforming (and upgrading) from a world economic workshop to a global knowledge factory.

Through the practice of self-confidence, self-improvement, and self-awareness of its culture, China can encourage tolerance among different social systems, mutual consideration of different development models, and mutual learning among different civilizations. China should strive to use civilized exchanges to transcend barriers between civilizations, use civilized mutual learning to transcend clashes between civilizations, and use civilized coexistence to transcend superiority between civilizations. These efforts will contribute Chinese cultural thought to the construction of a community of common destiny for all mankind.

## **4.2 Construct a Community with a Shared Future for Mankind that Creates Joint Benefits, Responsibilities and Emotional Resonance**

China should maintain the global governance view that embraces broad consultation, joint contributions, and shared benefits and use a mode of construction that involves steady implementation, is executed based on equality, mutual respect, inclusiveness, voluntarism, mutual benefit and a win-win approach, and adopts measures that are suitable for local conditions. It must make every effort to achieve international consensus on China's ideas, transform the Chinese approach into global action, and enable the construction of a community of common destiny for all mankind that creates joint benefits, joint responsibilities, and joint emotional resonance. Specifically, the following four elements are essential.

### ***4.2.1 Forge a Community of Common Action***

China should tightly control and effectively manage follow-up work on the outcomes through the Belt and Road Forum. By establishing forum liaisons, advisory committees, and other mechanisms, China can promote the institutionalization and solidification of Belt and Road cooperation. In accordance with the specific roadmap laid out in the joint communique of the forum, China must continue to strengthen

policy planning interfaces, increase economic, trade, and investment cooperation, accelerate the establishment of financial innovations, advance the implementation of relevant projects, promote win-win development by fostering pragmatic cooperation, and strive to obtain early gains in order to lay the foundation for long-term development.

#### ***4.2.2 Construct a Community of Common Links and Mobilization***

China must increase communication and consultation with countries both inside and outside the region and with neighboring countries to join forces to resolve challenges such as the great power game, regional conflicts, and political turmoil and thereby create a stable environment for Belt and Road construction. China should strengthen its cooperation with UN institutions, Asia-Pacific Economic Cooperation (APEC), Brazil-Russia-India-China-and-South Africa (BRICS), the Group of Twenty (G20), and so on, to expand its influence. It should increase cooperation with the World Bank, the International Monetary Fund (IMF), and new financing institutions such as the AIIB and the Silk Road Fund and explore the use of the China-United Nations Peace and Development Fund, the South-South Cooperation Assistance Fund, and so on, to expand sustainable financing and development of Belt and Road.

#### ***4.2.3 Strengthen the Community of Common Development***

China must bring its advantages and radiation effects into play and build a Belt and Road global development partnership network. It should focus on key countries and regions and foster the development of a Belt and Road community of common destiny in a gradual and orderly manner. China should focus on key themes and fields to increase its input on global topics of general concern to the international community. It should assess current conflicts among major parties over new territories, such as the Internet, outer space, the deep sea, and polar regions, to explore the potential construction of a Belt and Road community of common destiny for the Internet, outer space, and so on.

#### ***4.2.4 Foster a Community of Common Emotions***

China should enhance the role of humanities exchange, encourage different civilizations to engage in dialogue and exchanges, promote the development of global cultural and natural heritage and tourism industry, and deepen the consensus and feel-

ings of cohesion in the humanities in various fields. By constructing an intelligent Silk Road, advice and suggestions may be offered to the Belt and Road community of common destiny for all mankind. The media can play a role by improving external discourse systems and explaining that the Belt and Road community of common destiny seeks a common ground and the transcendence of differences as a means to stimulate the self-motivation of various parties to build and win together through joint contributions.

## Chapter 5

# Language Strategy: Planning Has Profound Significance for Belt and Road



The region along the Belt and Road route has the richest linguistic diversity and most prominent cultural differences in the world. Effective planning for a Belt and Road language strategy that balances the pluralistic linguistic interests and demands of the countries along the route and achieves linguistic interconnections and intercommunications among them is a challenge that must be confronted directly. Overcoming this challenge ensures the steady progress of Belt and Road.

The Belt and Road language strategy should be a systematic, transnational, pilot, heart-winning, frontier, and Chinese project. It should enhance top-level design, strengthen international cooperation, maintain goal-orientation, ensure linguistic security, actively utilize big data, strive to spread Chinese language and culture, and ultimately achieve the strategic goal of using linguistic connectivity to promote Belt and Road interconnections and intercommunication.

There are 53 official languages in the 65 countries along the Belt and Road route. This region has the richest linguistic diversity and most prominent cultural differences in the world. As an important bridge and link for Belt and Road economic, trade, and investment cooperation, civilized exchanges, and mutual learning, language plays an important role in advancing China's capacity for international communication, enhancing the country's cultural soft power, and strengthening the right to international discourse. From a global perspective, language strategy and the rise of a great power are inseparable. Today, all major countries in the world must pay a high degree of attention to and invest in their language strategies. The thought and basic strategy of socialism with Chinese characteristics for a new era will continue to steadily advance with Belt and Road construction, promoting the ever-increasing role and influence of language in Belt and Road construction. Moreover, the linguistic demands generated by the Belt and Road initiative will continue to grow.

- (A) As a systematic project, the language strategy of Belt and Road must intensify top-level design. Linguistic interconnections and intercommunications must be elevated to a high priority because they concern the overall development of the country and the overall strategic situation of Belt and Road. China should establish a “grand view of language,” a “grand view of foreign languages,” and

a “grand view of culture” to further the goal of linguistic strength. China can conduct Belt and Road construction in accordance with the requirements of the “13th Five-year” *Development Plan for National Linguistic and Cultural Undertakings*, which contemplates the strengthening of linguistic construction and development strategies in order to assess realities and solve problems such as positioning and layout. Relevant planning must take into account the relationships between current reality and the long-term, the individual and the whole, the economy and security, “going global” and “inviting in,” and so on. In practice, it is necessary to appropriately prioritize and differentiate importance and urgency; develop specific Belt and Road plans and policies for official languages, common languages, key languages, strong languages, cross-border languages, minority (ethnic) languages, foreign languages, and religious languages; study and formulate Belt and Road national and regional language service platforms, databases, and so on; establish a Belt and Road language exchange mechanism in a careful and gradual manner; and actively combine major Belt and Road projects to achieve synchronous planning and implementation.

- (B) As a transnational project, the Belt and Road language strategy must enhance international cooperation. In accordance with the spirit of the *Educational Action for Advancing Joint Contribution to the Belt and Road*, this strategy should give full play to educational cooperation platforms such as the “University Alliance of the Silk Road” and the “Global Alliance of Foreign Studies Universities.” It should also strengthen cooperation among well-known colleges and universities in countries along the route in terms of school exchange programs, distance education, cooperation management of schools, talent cultivation, cooperation in scientific research, and humanities communication to build a high-level, comprehensive, multilevel, and wide-ranging language education exchange platform. The strategy should advance bidirectional study abroad, increase the scale of study abroad in Belt and Road countries, and cultivate Chinese talent in the languages of countries along the Belt and Road route. Efforts should also be made to increase educational aid to foreign exchange students who come to China from countries along the Belt and Road route and to cultivate more young elite graduates and future leaders who know and are friends of China. Colleges and universities should gradually perfect talent cultivation programs, bearing in mind the new fields, needs, and directions of Belt and Road construction, to develop “language plus” international talents. Interdisciplinary and integrated linkage and mobilization advantages should be exploited to innovate the manner of cultivation, strengthen Chinese-foreign cooperation school management, explore a path for modern language development with local characteristics and global standards, and enhance Belt and Road leadership and the supply of talent to colleges and universities in China. A Belt and Road language think tank should be fostered, and a new language think tank system with various types that is problem-oriented, blends multiple disciplines, and couples multiple languages should be formed. Linguistics theories, policy research, and the innovation of discourse systems should be

strengthened. National and regional studies should be increased. A Belt and Road think tank exchange should be established. Forward-looking, strategic, and targeted advice and suggestions for Belt and Road humanities diplomacy should be provided from a linguistic perspective.

- (C) As a pilot project, the Belt and Road language strategy requires goal orientation and support mechanisms. Building the Silk Road discourse system in accordance with the *Guiding Opinions on Strengthening the Belt and Road Soft Power Construction* (which was deliberated and passed at the 30th Meeting of the Central Leading Group for Comprehensively Deepening Reforms) will strengthen overall planning and coordination, promote theoretical research and the construction of discourse systems, bring attention to major issues affecting Belt and Road and global development, enhance international strategies and global governance, foster studies on academic theories and discourse systems, and provide powerful theoretical support, public opinion support, and cultural support for Belt and Road construction. Dissemination mechanisms should be strengthened. Furthermore, in-depth studies on the history, culture, policies, laws and regulations, social customs, and local customs of different countries, as well as the linguistics habits of different populations, should be conducted to understand their language needs at a deep level and uncover individualized points of concern. A “one country, one language” or even “one country, multiple languages” strategy should be used to orient the formulation of a targeted international communication program, and marketable linguistic and cultural publicity should be implemented.
- (D) The Belt and Road language strategy must consider linguistic security. Language, as a heart-winning project, resists impatience for success, refuses to be bullied by the strong, and avoids making waste through haste. Spreading the Chinese language internationally should reflect an open-minded attitude, assimilate into the locality, and serve the host country to prevent interference from the “Chinese aggression theory,” “cultural imperialism theory,” and similar noise in Belt and Road construction. Investigations into the language, culture, national conditions, and current state of countries along the Belt and Road route should be intensified; mechanisms should be developed for early warnings of linguistic and cultural risks, emergency rescues, and public opinion monitoring based on the host country’s political, business, social, educational, and public opinion conditions; and a case-study database of linguistic risk information for multiple languages should be developed for the timely release of early warning information on linguistic risks.<sup>1</sup> It is necessary to increase studies on the official languages of various countries and to enhance the understanding of regional common languages; it is also necessary to deepen the knowledge regarding cross-border languages, cooperate in the prevention of linguistic risks, and increase the level of linguistic and cultural interconnections and intercommunication between China and countries along the Belt and Road route.

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<sup>1</sup>Wang Mingyu: *Paving the Way for Linguistic Services for the Belt and Road Construction*, *People’s Daily*, April 17, 2017.

- (E) As a frontier project, the Belt and Road language strategy needs to utilize big data. China should rely on digital Belt and Road construction, establish big data thinking on the Belt and Road language strategy, achieve deep interfaces between big data strategy and Belt and Road language planning, support innovation of various types of language technologies, industries, and services based on “big data plus”, and encourage the use of big data technology to transform traditional language service industries, businesses, and professions and achieve integrated development. The strategy should be government guided, market operated and based on enterprise entities and social participation; exploit the strength and advantages of big data enterprises in innovation; elevate the level of linguistic information processing technology for Belt and Road; accelerate the construction of multilingual identification and perception and other language technology systems for Belt and Road; develop an intelligent voice communication industry; construct a multilingual cloud service platform; and perfect intelligent call, Internet voice, and other communication modes to provide basic data resources and effective technical support for the Belt and Road language strategy.
- (F) As a Chinese project, the Belt and Road language strategy must prioritize the spread of the Chinese language and culture. The international spread of the Chinese language should be included in the overall planning of Belt and Road. Given the present use of English as the intermediary language of Belt and Road, China should gradually take measures to establish Chinese as the common language for Belt and Road construction. China should excel at refining identifiable discourse concepts, expressions, and categories and actively build a discourse system with Chinese characteristics, style, and manner. Language communication should be used as a means to accelerate efforts to spread Chinese culture to the international community. Countries should be encouraged to understand, respect and trust each other by transcending barriers between civilizations through civilized exchange, transcending clashes between civilizations through civilized mutual learning, and transcending superiority between civilizations through civilized coexistence. In the process of proffering Chinese proposals, ideas, and approaches and contributing Chinese experience, wisdom, and models, China should increase the recognition of its right to discourse in civilized systems of the contemporary world. The promotion of the Chinese language at Confucius Institutes should be intensified, overseas sinology research centers should be established, overseas Chinese cultural centers should be consolidated, the spread of Chinese culture should be encouraged, Chinese language teaching materials should be customized for countries along the Belt and Road route, and the Chinese language should be used to lecture on the history and culture of the host country. China should “combine the new and the old,” make appropriate use of traditional Chinese medicine, Chinese cuisine, Chinese Kung Fu, Chinese gardens, Chinese pandas, and other “traditional calling cards,” as well as mobile payment mechanisms, shared travel, China’s high-speed railway, Internet shopping, and other “modern calling cards.”

## Chapter 6

# Global Governance: The Connotation of a Community with a Shared Future for Mankind in Belt and Road Architecture



The new thoughts and ideas developed by China form the process by which China assimilates into globalized culture, participates in global governance, and provides Chinese thoughts and approaches relevant to the development of global governance thoughts and models. Whether China is putting forward the diplomatic ideas of amity, sincerity, mutual benefit, and inclusiveness, the concept of common, comprehensive, cooperative, and sustainable security, or the creation of the AIIB and the Silk Road Fund, the creation of an upgraded version of China's partnership with relevant countries allows the burden of solving the global peace deficit, development deficit, and governance deficit to increase awareness of a community of common destiny for all mankind.

The construction of a community of common destiny for all mankind is the sublimation of the spirit of the Belt and Road Initiative, and the Belt and Road Initiative will become an effective and feasible path for realizing a community of common destiny and establishing a new civilization for mankind. Connected destinies and shared weal and woe should not remain at the material or economic level but should reach spiritual and civilized levels to establish awareness of global citizenship and shape a new civilization and new world for a united mankind.

### 6.1 Interpretation of the Connotation of a Community with a Shared Future for Mankind: The Integration of “China’s Dream” with the “World’s Dream”

The Belt and Road initiative embodies the principles of broad consultation, joint contributions, and shared benefits, encouraging countries along the route and related countries to offer complementary advantages, narrow development gaps, and accelerate the progress of regional integration through policy coordination, facilities connectivity, unimpeded trade, financial integration, and people-to-people connectivity to achieve common development and prosperity. The Belt and Road initiative

combines China's development with the development of relevant countries, demonstrating strong vitality and broad inclusiveness. This initiative integrates "China's dream" with the "world's dream" and reflects the high degree of consistency between China's national interests and the common interests of the international community. It provides an effective starting point and pathway for the steady construction of a community of common destiny for all mankind.

## **6.2 Joint Contributions to a Community with a Shared Future for Mankind to Build a New Platform for International Development**

Joint contributions to Belt and Road conforms with the trends of multipolarization, economic globalization, cultural diversity, and social informatization; upholds the spirit of open regional cooperation; and supports the maintenance of a global free trade system and an open world economy. Joint contributions to Belt and Road aims to promote the orderly free flow of economic elements, efficient allocation of resources, and deep market integration and encourages every country along the route to achieve economic policy coordination and regional cooperation of a greater scope and at higher and deeper levels to forge an open, inclusive, balanced, and universally beneficial regional economic cooperation architecture.

Since the Belt and Road initiative was proposed, cooperation on industrial capacity has advanced significantly, financial supports such as the AIIB and the Silk Road Fund have been successfully implemented, large iconic projects such as the China-Pakistan economic corridor and the China-Thailand and Hungary-Serbia railways have progressed in an orderly manner, and the ranks of countries along the route in global supply chains, industrial chains, and value chains have risen continuously. Belt and Road construction will inevitably induce every country along the route to launch regional cooperation of a greater scope and at higher and deeper levels to contribute to the creation of an open, inclusive, balanced, and universally beneficial regional cooperation architecture and to establish a good example of global cross-regional cooperation.

## **6.3 Forging a Community with a Shared Future for Mankind Can Cure the Global Governance Bottleneck**

The world is currently facing many challenges, and humanity is facing continuously increasing risks. World economic growth is lackluster, the cloud of the financial crisis has not yet dissipated, the development chasm is increasingly prominent, and non-traditional security threats—such as terrorism, the refugee crisis, major infectious

diseases, and climate change—continue to escalate. The spread of terrorism poses a grave threat to all humanity, and the globalization process has encountered headwinds in the form of ideological trends of protectionism, isolationism, and populism, creating many challenges to global governance. In addition, development of global multipolarization and economic globalization has intensified and social informatization and cultural diversity have advanced. A new round of scientific, technological and industrial revolutions is forming and growing; every country is interconnected and interdependent; the world shares a common destiny and shares weal and woe; and the contemporary trends of peace, development, cooperation, and win-win are more powerful, all of which impose new mandates on the global governance system.

Profound changes in the greater global environment have highlighted the corrupt practices in the existing international system of rules. This system of rules fails to reflect changes in the world's power structure, lacks a system designed to manage transnational affairs, lacks respect for the diversity of civilizations, and fails to effectively manage global affairs as the “global governance deficit” widens and international order and global governance arrive at a turning point in history. The international community urgently needs to improve, integrate, and innovate the existing international system of rules. Belt and Road construction abides by the purpose and principles of the *Charter of the United Nations*; espouses the global governance ideas of broad consultation, joint contributions, and shared benefits; considers the common needs and complementary advantages of each country along the route; pays attention to the supplementation of existing mechanisms, the diversification of cooperation models, the parallel advancement of system construction and pragmatic cooperation, and the coordination and common advancement of regional and global governance. Through pragmatic cooperation, the destinies of the people in countries along the Belt and Road route are closely linked, which not only spurs economic prosperity and social development in these countries but also promotes mutual trust and learning, encouraging every country to work together to forge a community of common interests, common responsibility, and common destiny that is characterized by mutual political trust, economic integration, and cultural tolerance. Belt and Road development has spurred and promoted common development in the world, opened up avenues toward a new model of global governance, embodied an innovative spirit that transcends narrow ethnic and national interests and ideological disputes, and launched a new voyage to build a community of common destiny for all mankind.

## **6.4 Forging a Community with a Shared Future for Mankind Provides New Models for Civilized Mutual Learning**

Belt and Road construction promotes people-to-people connectivity, laying a foundation for cooperation in the popular will of each country and using identification with ideas to spur collaboration in action. It also impels the economy to develop

in terms of openness and integration, motivates civilizations to increase exchanges and mutual learning, and encourages every country to achieve a win-win situation through mutually beneficial cooperation, providing additional evidence that a road needs to be traveled by different people to develop further.

Cultural exchange and cooperation can promote people-to-people connectivity. Diplomacy between countries depends on closeness between people, and closeness between people depends on people-to-people connectivity. An effective means of achieving people-to-people connectivity is cultural exchange and cooperation, which help to promote the development of different civilizations. Historically speaking, the ancient Silk Road not only connects trade, enhances mutual trust and facilitates economic cooperation but also provides a pathway for cultural exchange and civilized dialogue. The open and inclusive mentality of the Silk Road with respect to cultural exchange sets an excellent example. The strategic concept of Belt and Road involves dozens of countries and billions of people; these countries formed civilizations with different styles, all of which are important components of the treasury of human civilization. We must fully expose the deep cultural heritage of each country along the route; adopt the cultural symbol of the “Silk Road,” which has extensive affinity and a profoundly compelling power; actively participate in cultural exchange and cooperation; and comprehensively reflect upon the history, culture, political status quo, interests, and demands of every country along the Belt and Road route. This process will help to eliminate prejudices, iron out differences, and enhance consensus.

The development of relations among various countries requires the “hard” support of economic and trade cooperation and the “soft” support of cultural exchange. Each country along the Belt and Road route has a unique history, culture, and religion. Only through cultural exchange and cooperation characterized by imperceptible influences and soundless lubrication can a common language be generated, mutual trust be enhanced, and mutual admiration be deepened among the people of the various countries, and only thusly can economic and trade cooperation be strengthened. In recent years, the cultural exchange between China and countries along the Belt and Road route have become increasingly novel in form, broad in content, large in scale, and widespread in influence. In advancing Belt and Road construction, we must maintain a foothold in the existing foundation in order to forge new models and explore new mechanisms, exploit the role of culture as a bridge and guideline, strengthen exchange and communication, and lay a foundation for exchange and cooperation in the economic, trade and social realms, as well as other fields.

## Chapter 7

# Green Development: Belt and Road is Global and Rational



Belt and Road construction has great significance for China in that it accelerates the formation of mechanisms that promote innovation, fosters coordination, advocates greening, lays a solid foundation for openness, and encourages sharing. In 2017, President Xi Jinping of the People's Republic of China delivered a keynote speech at the opening ceremony of the Belt and Road Forum for International Cooperation, stating that we “will thoroughly implement the idea of innovative, coordinated, green, open, and shared development, continuously adapt to, grasp, and lead the new normal of economic development, and actively advance supply-side structural reform to achieve sustainable development, injecting strong impetus into Belt and Road and bringing new opportunities for world development.” He also argued that we must “practice new ideas for green development, advocate green, low-carbon, circular, and sustainable means of production and living, strengthen cooperation in ecological and environmental protection, and construct an ecological civilization to jointly achieve the goals of the 2030 Agenda for Sustainable Development.”<sup>1</sup>

In 2017, to further advance the green development of Belt and Road, the Chinese Government released the *Guiding Opinions on Promoting Green Belt and Road Construction* and *The Belt and Road Ecological and Environmental Cooperation Plan*. These two important documents became the guidelines for green Belt and Road construction, reflected China's firm determination and practical actions to compel the construction of a green Belt and Road, systematically interpreted the importance of and overall thinking on the construction of a green Belt and Road, and clarified the multi-domain, multi-channel, and multi-agent cooperation patterns of green Belt and Road construction.

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<sup>1</sup>Full text of President Xi's speech at opening of Belt and Road forum, <https://eng.yidaiyilu.gov.cn/qwyw/rdxw/13297.htm>.

## 7.1 The Meaning of Green Development for Belt and Road

Green development of Belt and Road can be understood as embodying the basic principles of practicing green sustainable development; advocating green, low-carbon, circular, and sustainable means of production and living; strengthening global cooperation in ecological and environmental protection; launching green finance; and constructing an ecological civilization along the Belt and Road route.

**Green Belt and Road entails the sharing of ideas on ecological civilization and implementing the concept of sustainable development.** Green Belt and Road construction is guided by green development, emphasizes the sharing of ideas on ecological civilization and adherence to the principles of resource conservation and environmental friendliness, and improves the level of greening in policy coordination, facilities connectivity, unimpeded trade, financial integration, and people-to-people connectivity to integrate sustainable development into every aspect and the entire process of Belt and Road construction.

**Green Belt and Road implies parallel advancement in global cooperation, global environmental governance, and green regional governance to promote ecological and environmental protection.** Green Belt and Road construction requires significantly expanded cooperation in key fields, such as environmental pollution control, ecological protection, nuclear and radiation safety, and scientific and technological innovation in ecological and environmental protection, to allow the countries along the Belt and Road route to enjoy the benefits of green construction.<sup>2</sup> The advancement of green Belt and Road construction is an importance factor in China's meaningful participation in global environmental governance. The construction of green infrastructure and implementation of major cross-border environmental protection projects and service capabilities will ensure that ecological and environmental interests are fully protected.

**Green Belt and Road entails the greening of all dimensions of strategy, policy, implementation, and service; it is a multi-party contribution to green finance.** Green Belt and Road must utilize greening strategies and policies to formulate standards and tasks, demonstrate green project design, construct a green industry chain, and ensure long-term effectiveness and sustainability of services. As one of the core elements of Belt and Road construction, the demand for green financial services poses new challenges for financial development on a global basis. In the context of sustainable development, green finance requires that the funds put into Belt and Road construction be directed toward green industries, such as green and low-carbon environmental technology development, green industrial capacity transfer, pollution control, energy conservation, and emission reduction, in order to promote industrial structure adjustments and ultimately achieve sustainable economic development.

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<sup>2</sup>Ministry of Environmental Protection of the People's Republic of China: *The Belt and Road Ecological and Environmental Cooperation Plan*, Official Website of the Ministry of Environmental Protection, May 2017.

## 7.2 Green Belt and Road Must Overcome a Variety of Challenges

Belt and Road straddles the continents of Asia, Africa, and Europe. There are substantial differences in economic development, social environment, and religious culture among the countries and regions along the route. Furthermore, the ecological environment in key areas along the route is diverse, fragile and characterized by complex and diverse environmental issues. At the eastern end of Belt and Road is the East Asia economic circle, where the economy is developing rapidly; at the western end is the economically developed European economic circle; and in the middle are vast hinterland countries that are rich in resource endowments but relatively ecologically sensitive and prone to experiencing the phenomenon of cross-border transmission of pollutants. The countries and regions along the Belt and Road route are encountering major problems, such as coping with global warming, controlling cross-border pollution, preventing and treating land desertification, alleviating the freshwater resource crisis, and eradicating poverty. Some countries are slow to make economic transitions, have relatively extensive development methods and poor environmental foundations, are burdened with large populations, lack green industries, and have a status quo characterized by weak environmental protection capabilities. The arduous nature of construction in countries and regions along the Belt and Road route provides a stark contrast to the fragility of the natural environment. Therefore, as China advances Belt and Road construction, it must address multifaceted challenges, such as pollution control, industrial upgrading, and ecological and environmental protection.

**Green development ideas have assimilated into top-level design, and the thinking on sustainable development must be developed further in all fields.** In the process of advancing Belt and Road construction, China has taken the initiative to assimilate green development ideas into Belt and Road construction in top-level design, which provided a powerful response to the misunderstandings and doubts of the international community and clarified the thinking on green construction of Belt and Road. In the next step, China must implement green development ideas in all fields, pursue an innovation-driven strategy, maintain ecological priorities, engage in open and shared development, and cooperate in the construction of ecological civilization in every country along the route.

China must strengthen cooperation in ecological and environmental protection and provide comprehensive support and services for green Belt and Road construction. It must effectively perform the foundational work for ecological and environmental protection, increase environmental surveys and assessments of ecological and environmental impacts, assume environmental protection responsibilities, optimize the layout of production capacity, prevent risks to the ecological environment, and provide ecological and environmental safety guarantees for Belt and Road construction.

**China must advance the construction of green infrastructure and strengthen environmental protection standards and specifications for infrastructure construction.** China should strengthen exchanges among environmental protection science and technology personnel, encourage scientific research institutions and think tanks to jointly build platforms for scientific and technological research and development, and provide intellectual support for green Belt and Road construction.

China should promote the construction of cooperative mechanisms for environmental protection; engage in extensive planning; exploit existing international bilateral and multilateral cooperation mechanisms for environmental protection; build a cooperation network for environmental protection; innovate the international cooperation model for environmental protection; construct a diversified cooperation platform in which governments, think tanks, enterprises, social organizations, and the public participate; and urge reform of the international environmental governance system.

It is important to advance the sharing and publication of information on environmental protection, establish a highly transparent environmental information disclosure mechanism, increase the sharing of environmental information, and cooperate in constructing a green Belt and Road ecological and environmental protection big data service platform to provide comprehensive information support and guarantees.

**A complete green financial development policy should be developed, and “green” diplomacy should be systematically advanced.** The Chinese government should strengthen the specifications and guidance for construction, increase efforts to support foreign aid, and promote the construction and implementation of green projects. It should build a green financing platform to encourage eligible Belt and Road projects to apply for support from existing capital (funds), such as the National Green Development Fund, the Chinese Government, and the Social Capital Cooperation (Public Private Partnership (PPP)) Financing Support Fund.

China should advance the development of green trade and promote sustainable production and consumption. It should encourage the formulation and implementation of policies and measures to prevent risks to ecological and environmental protection when investing in and financing projects, strengthen the environmental management of foreign investments, and promote the development of a green financial system. China should establish a unified framework for green finance and work together with countries along the route to formulate an international standard for green financial development. It should promote understanding and recognition of the concept of “green finance” in countries along the route to ensure the effectiveness and influence of green investment.

Green Belt and Road construction needs to utilize existing international multilateral and bilateral cooperation resources and environmental networks to systematically execute Belt and Road environmental diplomacy.

## Chapter 8

# Digital Power: Challenges and Responses of Belt and Road



A digital Belt and Road is an inherent requirement for constructing a “digital power;” it will also provide an opportunity for the digital development of countries along the Belt and Road route. Digital Belt and Road construction will facilitate the economic and social development of countries along the route, improve the level of national governance, generate new international competitive advantages, and thereby promote the reform of the global governance system.

## 8.1 Development Trend of Digital Belt and Road

### 8.1.1 *Big Data Is the Starting Point for New Cooperation with Belt and Road Countries*

Network facilities with mobile broadband are the most fertile sources for the development of big data. By the end of 2016, China could connect to Northeast Asia, Southeast Asia, South Asia, Central Asia, the Middle East, North Africa, Europe, Oceania, and the Americas through international submarine and terrestrial cables. China has also signed a series of memorandums of understanding with Turkey, Poland, Saudi Arabia, Kazakhstan, and Afghanistan to foster cooperation in fields such as the Internet, information technology, and the information economy.<sup>1</sup> Popularizing networks in countries along the route will help each country to achieve digital development and will profoundly change the pattern of economic cooperation among the various countries.

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<sup>1</sup>Office of the Leading Group for the Belt and Road Initiative. Building the Belt and Road: Concept, Practice, and China's Contribution, May 2017.

### ***8.1.2 Digital Belt and Road Has Substantial Room for Development***

The composite indicators cited at the UN Conference on Trade and Development (UNCTD), including the popularization rates of Internet users, shares of use in credit card payments, logistics levels, and secure servers, indicate that the average value for countries along the Belt and Road route reached 49%, which is slightly higher than the world average of 47.2%.<sup>2</sup> These data show that to a certain extent, countries along the Belt and Road route have a foundation in digital development. However, on the whole, the level of digitization in countries along the route remains at the initial stage. For example, the average contribution rate of the digital economy to the gross domestic product (GDP) of Middle Eastern countries is only 4%. There is significant opportunity for Belt and Road construction to narrow the “digital chasm.”

## **8.2 Big Data Will Foster Countries Along the Belt and Road Route to Step into the Digital Era**

### ***8.2.1 Achieve Leapfrog-Style Economic and Social Development***

Development has always been the eternal theme of human society. The impoverished population along the Belt and Road route, especially the population living below the extreme poverty line, account for 50% of the world’s impoverished population, and “data-driven development” has increasingly become the focus of countries along the route. The construction of digital Belt and Road will accelerate the deep integration of the digital economy into the real economy, which in turn will provide a strong driving force for economic and social development, improve people’s living standards, and achieve leapfrog development in countries along the Belt and Road route.

### ***8.2.2 Build a Scientific and Effective National Governance System***

Using big data to improve governance capabilities has become an important mechanism in various countries. In the countries along the Belt and Road route, political conflict, social unrest, conflicts of interest, ethnic conflicts, and other issues threaten the governance system. The countries along the Belt and Road route are increasingly in need of big data and information techniques to predict economic operating risks,

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<sup>2</sup>Wang Zhen, Zhao Fuchun, Wang Yibo. Developing the Digital Economy Lights up the Road to Innovation [N]. People’s Daily, May 22, 2017.

assess social situations, clear communication channels, assist in scientific decision-making, exchange governance experience, and explore suitable development paths for their unique national conditions.

### **8.2.3 *Accumulate New and Comprehensive International Competitive Advantages***

The most prominent countries in the world have enhanced their global strategic layout through digital competitiveness. For example, the United States formulated the “Big Data Research and Development Initiative” as early as 2012, the United Kingdom introduced *Digital economy strategy (2015–2018)*, Germany issued *Digital Strategy 2025*, France proposed the “Digital State” policy plan, and Japan advocated the construction of a “Super Smart Society.” The countries along the Belt and Road route must adapt to this modern trend, seize the associated opportunities, make good use of new big data tools, innovate resource allocation modes, and enhance the competitiveness of enterprises. Belt and Road countries must also build data interconnections and intercommunication networks and allow data flow to drive the technology, capital, talent, and material flows in order to attain a competitive edge in global industrial development.

## **8.3 Top-Level Design of Digital Belt and Road Construction**

### **8.3.1 *Strengthen Strategic Thinking on Big Data and Optimize Top-Level Design for Digitalization***

The following items are recommended to strengthen strategic thinking on big data and optimize top-level design for digitalization: continue to insist on broad consultation, joint contributions, the sharing of data and taking the moral high ground in the digital era; forge digital Belt and Road partnerships based on openness and inclusiveness; fully understand the value and role of big data in the scientific planning and steady implementation of the Belt Road and firmly grasp the layout of digital Belt and Road development from a strategic and long-term perspective; and strengthen the formulation of data rules and standards and use digital Belt and Road construction to leverage China’s right to participate in the discourse to formulate rules for the global digital economy.

### ***8.3.2 Increase Infrastructure Investment and Broaden the Fields for Big Data Applications***

The following steps should be taken to increase infrastructure investment and broaden the fields for big data applications: Vigorously advance the construction of big data infrastructure, using the Internet as the main carrier and employing big data hardware, software, and mechanisms as the links; in line with the principles of voluntarism, equality, and mutual benefits, actively build global industrial and value chains with big data at the core and encourage countries along the route to integrate basic big data resource libraries; strengthen basic, prospective, and original technological research and development; strive to continuously obtain breakthroughs in core technologies; and accelerate the transition from follower to co-leader.

### ***8.3.3 Strengthen Cyberspace Governance and Improve Data Flow Security***

It is necessary to jointly forge a solid external ecosystem that is conducive to digital Belt and Road development. In light of the “PRISM-Gate” and blackmail virus incidents, multilateral and bilateral international coordination and transnational law enforcement cooperation should be increased and active participation in the building of a framework of international rules for the digital economy is encouraged. With respect to big data, Belt and Road mechanisms for big data transactions, circulation, and supervision must be improved, which is consistent with the principle that one must assume responsibility when using big data. Moreover, digital Belt and Road security architecture that includes well-defined powers and responsibilities and powerful guarantees should be gradually formed.

### ***8.3.4 Construct Effective Support Mechanisms to Ensure that Digital Belt and Road Is Wide and Clear***

The following steps should be taken in connection with the construction of effective support mechanisms to ensure that digital Belt and Road is wide and clear. First, employ think tanks to launch digital Belt and Road production, education, and research and use multidimensional cooperation projects to strengthen decision making abilities and enhance the economic and social benefits of big data. Second,

provide adequate financial support by relying on the AIIB, Silk Road Fund, and other mechanisms to provide sufficient and stable funding guarantees for digital Belt and Road construction and development. Third, prioritize the cultivation of digital talents, strengthen the cultivation of complex talents familiar with the development of the Belt and Road data industry, and export superior talent resources to Belt and Road digital construction projects.

## Chapter 9

# Discourse Power of Think Tanks: Track II Diplomacy of Belt and Road Is Just In Time



At the Belt and Road Forum for International Cooperation, General Secretary Xi Jinping proposed that countries along the Belt and Road route strengthen dialogue between think tanks, allow think tanks to play a role, and construct good think tank alliances and exchange and cooperation networks.

The integration of big data and think tank construction has far-reaching significance in a number of areas, including the promotion of the economic and social development of countries along the route, advancement of Belt and Road global governance, development of international competitive advantages of countries along the route, and enhancements to civilized mutual learning and people-to-people connectivity. In the modern context, combining the actual situation of Belt and Road think tank construction with solutions to existing obstacles in Belt and Road big data think tank construction will greatly facilitate the exploration of using big data technology to provide scientific support for Belt and Road global governance.

### 9.1 The Arrival of the Think Tank Era

**Think tanks are the fourth force driving social development.** Think tanks integrate the strategies of politicians, the ideas of scholars, and the execution abilities of entrepreneurs. They are the integrators and coordinators of contemporary society. Think tanks have human resources, scientific research, and other resource advantages and can form a benign complementary mechanism for governmental departments and the public in the ideological market.

**Think tanks represent the “Track II” diplomacy of international relations.** A think tank with a nonofficial status can use its flexibility to conduct “Track II” diplomacy in nongovernmental exchanges and interactions among various countries, increase its influence in areas affecting global issues and international relations, and promote bilateral or multilateral cooperation among various countries.

**Think tanks are the soft power of Belt and Road construction.** Think tanks should aid the government by making recommendations, innovating theories, and

guiding public opinion in areas such as telling a good “China story”, improving the strategic framework of Belt and Road, refining the implementation path, deepening research on national conditions, and strengthening risk assessment to provide a strategic and prospective implementation plan for Belt and Road construction.

## 9.2 Big Data Think Tank Construction Allows Chinese Think Tanks Move in an International Direction

**Think tanks are “new engines” for promoting the economic and social development of countries along the route.** The population along the Belt and Road route accounts for 60% of total global population, and the impoverished population along the route, especially the population under the extreme poverty line, account for 50% of the world’s impoverished population. Economic development and improvements to people’s livelihoods are the universal aspirations of the countries along the route, and “data-driven development” has gradually become the focus of every country. The construction of digital Belt and Road is conducive to the use of big data to transform and upgrade traditional industries, accelerate the cultivation of new forms of industry and new economic models, maintain the vitality of economic growth, and promote the development of economic and social livelihoods in countries along the route.

**Think tanks provide “new paths” for motivating governance systems in countries along the route.** Close exchanges and cooperation among think tanks in countries along the Belt and Road route will help to integrate the resource and information advantages of different countries, exchange mutual learning on governance experience, and actively explore a development path in line with each country’s national conditions. With the help of big data technology, it is possible to deeply integrate national political, economic, social, cultural, and other information resources, improve national decision-making service capabilities and to promote the building of a scientific and standardized national governance system.

**Think tanks are a “new tool” for improving the international competitive advantages of countries along the route.** At present, a new round of global competition is unfolding, and big data is at its core. The Information Silk Road should be constructed, new big data tools should be used effectively, resource allocation methods should be innovated, and a cooperation network that uses information and data flows should be constructed to drive the flows of technology, capital, talent, and materials and thereby elevate the cumulative competitive advantage in industrial and innovation chains.

**Think tanks are a “new model” for civilized mutual learning and enhancing people-to-people connectivity.** People-to-people connectivity is a difficult but key point of the “Five-Pronged Approach” to the construction of Belt and Road; in this regard, think tanks can play an active role. The big data information exchange platform should be used to deeply and comprehensively recognize the interests, demands and emotional appeals of various countries,<sup>[3]</sup> eliminate misunderstandings

of the “Chinese approach” in countries along the route, narrow the gap in awareness between countries, and enhance the degree of familiarity and sense of identity with the Belt and Road initiative in people along the route.

### **9.3 The Path of Belt and Road Big Data Think Tank Construction**

#### ***9.3.1 Strengthen the Top-Level Strategic Design of Think Tanks***

Belt and Road think tank construction should strengthen top-level design to further define its strategic positioning. First, we must obtain a foothold in the reality of social development, strengthen problem-oriented awareness, and combine internationally significant real-life issues with academic theories on which we have focused in the past in a timely manner. Second, we must fully comprehend the layout of the Belt and Road development plan for data from a strategic and long-term perspective, encourage countries along the Belt and Road route to include big data strategies in their respective economic and social development plans, and formulate policy measures to promote the use of big data to achieve coordinated development. Finally, there is a need to advance innovation in the operating and management mechanisms of think tanks and to establish a set of think tank management and operating mechanisms that can assist the government’s decision-making process and possess distinguishing features.

#### ***9.3.2 Strengthen Think Tank Infrastructure Construction and Guarantees***

**We should improve the construction of big data systems.** Through the construction of the Belt and Road interconnection and intercommunication project, aerospace and communications companies will provide infrastructure support for the construction of the Belt and Road big data system during the process of “going global”. In line with the principles of voluntarism, equality, and mutual benefit, we also need to build industrial and value chains with big data at the core, encourage countries along the route to integrate basic big data resource libraries, and strive to achieve network interconnection, information intercommunication, and data sharing.

**We should strengthen data security guarantees.** The big data Belt and Road think tank must focus on pressing data security issues in Belt and Road construction, research the reliability and authenticity of data sources, and strengthen the innovation of information systems. Think tanks must also improve their ability to perform risk control and data management functions in finance and trade, which will increase

the throughput of Belt and Road big data under the premise of ensuring security. We should perfect Belt and Road big data transaction, circulation, and supervision mechanisms and jointly forge a healthy ecosystem that is conducive to Belt and Road development of data. In addition, we must balance the need for cross-border data flows with the needs to protect personal privacy, corporate secrets, and national security, improve the data control capabilities of countries along the route, and gradually build Belt and Road security architecture for data that is characterized by well-defined powers and responsibilities and strong guarantees.

### ***9.3.3 Strengthen the Construction of Support Mechanisms***

**We should open exchange management mechanisms.** In this regard, we must allow think tanks to participate in and strengthen prospective, strategic, and overall decision-making advisory services. We should also construct a Belt and Road cooperation platform for data and endeavor to build a multi-domain, deeply integrated think tank collaboration mechanism. In addition, there is a need to strengthen the cultivation of international think tank talents. It is important to strengthen the exchange and cultivation of research talent among countries along the route to achieve interconnection and intercommunication of intellectual resources. Moreover, there is a need to develop a “revolving door” system in line with China’s national conditions and encourage deeper levels of exchange between public decision-making departments and think tank personnel as a means to promote the transformation of government personnel and scientific researchers.

**We should establish pluralistic fundraising mechanisms.** Effective operation of think tanks requires sufficient funds; the source of funds is related to both the quality of the results of think tanks and the independence and flexibility of the research. Based on international experience, it is possible to seek long-term and stable financial support by establishing funds or foundations, and flexible methods can be used to launch cooperative relationships with schools, governments, companies, social groups, and individuals to promote diversity in fundraising channels.

**We should establish an efficient results management mechanism.** The construction of the Belt and Road think tank should emphasize the promotion and dissemination of ideas and research results and make general plans for both traditional and new media based on the positioning of different think tank products to formulate the most suitable publicity plan. In the process of promoting and disseminating results, Chinese think tanks can use data visualization technology to quickly attract the attention of the audience and conduct effective information interaction and dissemination. In addition, think tank results must focus on the shaping of brands in transformation and improving the core competitiveness of think tanks.

### ***9.3.4 Improve the Independence and Objectivity of Think Tank Operations***

**We must respond flexibly to the influence of “paternalism”.** A think tank with social influence needs to conduct independent research and have an unimpeded political communication channel. Think tanks should find the best balance between exerting their influence on the government and maintaining the independence of think tank research through deep and diverse interactions with the government.<sup>[5]</sup> The real-time nature and accuracy of big data will enhance the ability of think tanks to guide policy formulation and public consultation and expand the decision-making influence of think tanks.

**We must enhance the endogenous strength of think tank development.** The construction and development of a big data think tanks should focus on clear and defined research fields and directions, maintain the independence and objective authenticity of research, and elevate the foundation of think tanks’ endogenous strength. We should strengthen the professional development of think tanks and define their positioning. We must also encourage the international development of think tanks, focus on major issues based on a global perspective, establish prospective Belt and Road scientific research topics, and increase the autonomy of think tanks in international development.

## Chapter 10

# International Discourse Power: Belt and Road Is not Starting from “Scratch”



Geopolitical struggles have intensified, the multi-layered patterns of global rights have shifted, and emerging technologies have led to profound changes in the communication field. In the new era, the Chinese approach to global governance represented by Belt and Road must be reflected in the story of China, and China must send a deeply penetrating Chinese voice through Belt and Road.

Soft power is an important booster for Belt and Road construction. Belt and Road is not starting from square one; rather, it is expanding the dissemination channels for smart media, promoting the construction of the international right to discourse, telling a good Belt and Road story, and putting forward Chinese proposals. We must establish academic self-confidence and build a theoretical system; establish socialist media self-confidence and forge an internationalized financial media platform; and establish cultural self-confidence and practice civilized mutual learning. We must provide strong theoretical support, public opinion support, and cultural guarantees for Belt and Road construction.

The Belt and Road initiative is a major measure proposed by China under new conditions for opening up to the outside world in all fields based on domestic and global perspectives. It is an important platform for pursuing mutual benefits and win-win situations and has received an enthusiastic response from Belt and Road countries and significant attention from the international community. General Secretary Xi Jinping noted that to advance Belt and Road construction, we must advance people-to-people connectivity, embrace the spirit of the Silk Road, promote civilized exchanges and mutual learning, and prioritize humanities cooperation. We must advance public opinion marketing, actively publicize the tangible results of Belt and Road construction, and strengthen academic research, theoretical support, and discourse system construction for Belt and Road construction.<sup>1</sup> Belt and Road construction is not starting from ground zero, and the development of the international right to discourse adds a catalyst to Belt and Road construction.

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<sup>1</sup>Jinping (2017).

## 10.1 Global Political and Economic Changes Bring New Opportunities to Develop the International Right to Discourse

Under the force of high-level and new technologies such as artificial intelligence, the Internet of Things, big data, and cloud computing, global multipolarization, economic globalization, and cultural diversification have increasingly deepened. The impact of technological innovation on the international communication field will become more profound, and China's communication with the world will increase in intensity. The effects of the financial crisis have persisted, and the situation in the Middle East has been turbulent. As evidenced by the rise of the "BRICS countries," Obama's Asia "rebalancing" strategy, Trump's America First policy, and the United Kingdom's Brexit, shifts in the global power pattern are unfolding on multiple levels.

**Western countries, especially the United States, have long controlled the discussion of international issues and formed an international right to discourse that reflects "a strong West and a weak China".** Since the 1980s, due to the defeat of the "New World Information and Communication Order" campaign and the practical difficulties encountered by the socialist camp, U.S. national policy, led by U.S. media giants and the global communication industry, has experienced a neoliberal transformation with globalization, liberalization, commercialization, and privatization at the core.<sup>2</sup> The powerful right to discourse enjoyed by Western powers, particularly the United States, invokes "freedom of the press" and "freedom of the Internet" to vigorously maintain its hegemonic status in the global communication field. In 2013, the PRISM program was exposed, fully revealing the hypocrisy of U.S. human rights and democracy and threatening the hegemonic status of U.S. information dissemination.

**New technologies and new media are widely employed in the international communication field and the Chinese economy has entered a new normal; in the "second half of the game" for the Internet, it should become possible for the world to "copy" the Chinese model.** Technological innovation has led the revolution in the international communication field. In China, economic development has entered a new normal, from the "Internet" to "Internet +". After experiencing the "first half of the game" by relying on demographic dividends to promote development, the Chinese Internet has entered the "second half of the game"; in this half, technological innovation, model innovation, precise cultivation of users, and exploration of user value have become the main topics. In the past, China primarily imitated communication theory from overseas, cited the public opinion topics of foreign media, and measured culture and the arts according to Western standards. In the second half of the game, "copying China" will become a new global trend.

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<sup>2</sup>Zhao Yuezhi: *What is the Source of Strength for the Story of China—Dispute over the Global Communication Pattern and Cultural Leadership Authority*, *People's Tribune*, 2014 Vol. 24, pp. 34–43, p. 45.

## 10.2 Issues Encountered in the Development of the International Right to Discourse

Since the 18th National Congress of the Communist Party of China, the reform of China's cultural system has advanced through prominent directions and guidance that ensure unity in social and economic benefits. The development of China created a strong demand for Chinese information in the international community; when faced with questions, it is necessary for China to clarify and resist. Under powerful political and economic forces, the Western right to discourse has skillfully shaped an "other-image" of "China." In particular, the "China threat theory," "China responsibility theory," and "China triumphalism theory" have appeared time and again, with some people going so far as to compare the Belt and Road initiative to the Chinese version of the "Marshall Plan." The reasons for this situation include the lack of an international right to discourse and a lack of self-confidence in academia, socialist media, and culture.

**Theory localization is insufficient; think tanks are weak; the introduction of political discourse with Chinese characteristics faces enormous challenges in international dissemination; and there is urgent need to construct a first-rate international think tank.** Due to the inadequate localization of communication science, "Chinese-style dissemination" has not yet formed. In recent years, certain terms with Chinese characteristics have been created to elaborate on Chinese theories, such as the "New Normal of Economic Development," the "Belt and Road Initiative", and the "Community of Common Destiny for All Mankind," among others. However, political discourse with Chinese characteristics continues to face enormous challenges in international dissemination. At present, think tanks play an important role and have vast room for development in terms of the global frontier for concept creation and opinion guidance, but a significant gap still exists between China and developed countries in terms of the construction of a first-rate international think tank.

**There are breakthroughs in channel layout; the self-confidence of the media still shows deficiencies; socialist media cannot be absent from the international public opinion field; and an official foreign media platform with global influence should be constructed.** At present, 80% of the total world news originates from four major Western mainstream news agencies, 95% of the media market is occupied by 50 Western multinational media companies, and the foreign public mainly understands China through the lens of Western mainstream media. Western society has attacked Chinese media for "excessive propaganda" and the lack of "freedom of the press." Fundamentally speaking, it is the Chinese media's lack of self-confidence in socialist media with Chinese characteristics in the new era that prevents it from obtaining a place in the international public opinion field.

**People-to-people connectivity cannot be separated from cultural connectivity, and it is necessary to create a "Chinese symbol" with global influence.** At the cultural exchange level, various activities are increasing daily. The China National Traditional Orchestra, *Rediscover Chinese Music*, has ascended to the world stage,

and Cao Wenxuan and Liu Cixin won the “Hans Christian Andersen Award” and the “Hugo Award,” respectively. More video intellectual property (IP) has been successfully exported overseas, with more in the export repertoire and more abundant genres. Co-produced documentaries are developing well and concern more diverse subjects. However, news and the drawing of cultural content lack originality and heavily propagandized. Due to the lack of cultural self-confidence, employees of the cultural industry have neglected and thus failed to adequately draw upon the excellent traditional Chinese culture. The formation of a “Chinese symbol” with global influence in film and television remains to be accomplished.

### 10.3 The Path to Improve the International Right to Discourse of Belt and Road

To build Belt and Road, it is necessary to form a humanities pattern of mutual appreciation, mutual understanding, and mutual respect in the people of the countries along the route. We must emphasize and appropriately guide public opinion, tell a good Belt and Road story and spread good publicity for Belt and Road through a variety of channels, and create a good public opinion environment for Belt and Road construction.<sup>3</sup> To shape the most authentic image of contemporary China, we must follow the law of news dissemination, use innovative methods to establish a discourse system for external dissemination, and strengthen the international right to discourse.

**To build theoretical support for Belt and Road discourse, we must create Belt and Road theory and develop multidisciplinary and interdisciplinary research.** In the “community of communication”, which comprises the government, academia, and the public, academia must contribute to the interpretation of the Belt and Road initiative and the construction of Belt and Road theory. First, academia must create Belt and Road-related theories to explain the Belt and Road initiative and must sublimate Belt and Road practices and achievements to Belt and Road theory. Second, academia must take the initiative to propose topics to guide academic research and discussion. Third, academia must pay attention to the development of interdisciplinary studies in communication, psychology, and linguistics.

**To build public opinion support for Belt and Road discourse, we must change the concept, optimize the layout, follow the “mass line,” demonstrate authority in the international public opinion field, and do a good job as a “gatekeeper”.** According to the thinking of the Internet, it is necessary to forge flagship media for foreign-oriented publicity to optimize the strategic layout, strengthen the construction of channels, and enhance the ability to process and analyze big data. We also must follow the “mass line” in the field of news dissemination. By innovating the system, innovating theory, and commercializing and optimizing management, we can provide the right to information, right to expression, right to participation, and right to supervision to the broadest number of people. In terms of spreading culture,

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<sup>3</sup>Jinping (2017).

we must effectively act as a “gatekeeper” and “filter.” We should encourage domestic capital to enter the international cultural market and provide an international media platform for excellent cultural products.

**To establish cultural guarantees of the Belt and Road discourse, we should establish cultural self-confidence, practice civilized mutual learning, strengthen humanities exchanges, and create a new model of civilized mutual learning.** The history, culture, and beliefs of the countries along the Belt and Road route differ greatly, and it is necessary to avoid clashes of civilizations, to construct a foundation for good public opinion, and to develop a new model of civilized mutual learning. Cultural connectivity first requires cultural self-confidence. Belt and Road construction must further solidify the Silk Road culture and spread both China and culture. Different cultures must develop through exchanges and mutual learning. We should provide a good account of the history of the Silk Road, strengthen cultural communication with countries along the route, and allow the Belt and Road to become a platform for diverse cultural exchanges, breaking barriers and increasing mutual trust. In addition, we should launch humanities exchanges in all fields to further implement the *Action Plan on the Belt and Road Culture Development (2016–2020)*, emphasizing the main role of civil organizations.

**We must construct new channels for Belt and Road discourse, helping new media to develop overseas, borrowing strength from the “Internet +,” and expanding the “he said” channel.** China’s new media, especially social media, have a comparatively low degree of internationalization—62% of people overseas learn about China through local traditional media, although younger audiences who obtain Chinese news through new media are increasing daily.<sup>4</sup> In addition, it is necessary to expand Belt and Road media. In 2017, young people in 20 countries along the Belt and Road route chose high-speed rail, mobile payment, bicycle sharing, and online shopping as the four major new inventions of China. With the proposal of the Belt and Road initiative, Chinese products and enterprises will become a new type of medium through which to present China’s image.

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# Chapter 11

## Sea Lanes: Strategic Deployment of the Belt and Road Security System



At present, the Chinese economy has formed an operating pattern characterized by “two ends on the outside and two ends at sea.” The volume of foreign trade transport is massive, and regional distribution is relatively concentrated. Given the closed or semi-closed characteristics of the sea area, China’s ocean transport relies far more heavily on sea lanes such as the Malacca Strait compared with other countries. Because a maritime security guarantee system suitable for its economic strength and practical needs has not yet been built, China’s overseas supply chain is exposed to various security threats, creating latent security risks for the national economic system.

Based on a comprehensive consideration of the strategic resources possessed by China, the general idea of “mitigating risks with cooperation and safeguarding security with deterrence” is proposed to guarantee the security of sea lanes. China should also vigorously pursue strategic transactional regional cooperation with countries around the United States, Russia, and navigation routes while conducting preventive strategic deployment in the direction of the South China Sea and the Indian Ocean.

### 11.1 Seas Lanes Are the “Lifeline” of the Chinese Economy

Since the reform and opening up and especially after joining the World Trade Organization (WTO) over a decade ago, China has gradually developed into the world’s factory and the supporting role played by the international market and foreign trade in the Chinese economy has become increasingly evident. At present, the Chinese economy’s degree of external dependence is as high as 60%. Moreover, 90% of the foreign trade transport volume is completed through shipping, which makes it highly dependent on the ocean. In 2014, the total value of import and export goods for China reached USD 4303 billion, the total value of exports reached USD 2342.7 billion, and the total value of imports reached USD 1960.3 billion, reflecting increases of 207 times, 240 times, and 183 times, respectively, compared with 1978.

The basic pattern of the global land-sea space and economic activity distribution, combined with the self-owned nature of various modes of transport, have solidified the position of ocean transport at the core of global goods trading and transport. China has opened more than 30 ocean-going shipping routes reaching more than 1200 ports in more than 150 countries and regions, building the basic framework of China's maritime transport system. Due to the huge volume of China's foreign trade transport, the relative concentration of regional distribution, and the closed or semi-closed characteristics of the sea area, ocean transport to and from China relies far more heavily on sea lanes compared with ocean transport to other countries. All of China's ocean-going routes must cross one or more of the world's important sea lanes. Sea lanes thus constitute the "lifeline" of the Chinese economy.

## **11.2 China's Sea Lanes Face Severe Security Challenges and Threats**

### ***11.2.1 The U.S. Intention to Block China's Sea Lanes Is Becoming Increasingly Evident***

During the Cold War, the United States tried to block China's eastward and southward strategic passages and compressed China's strategic space within the range of the eastern edge of the Eurasian continent. In the 21st century, China's peaceful rise has been irreversible. In response, the United States has increased its efforts to contain China, and the ocean has become an important battleground for the global game between China and the United States. In 2009, the Obama Administration introduced the "Asia-Pacific Rebalance" strategic proposal, which included plans to deploy 60% of the nuclear submarines and one-half of the nuclear-powered aircraft carriers to the Western Pacific by 2020 and to unite with Japan and certain ASEAN countries to construct a "crescent-shaped strategic encirclement" around China. Although Trump's Asia-Pacific policy has not yet been established, the Asia-Pacific region currently has the most development potential and the most economic vitality in the world; Trump will likely continue the trend of the Obama Administration to return to the Asia-Pacific.

### ***11.2.2 Complex and Volatile Situations Exist in the Areas Surrounding the Sea Lanes***

Geographically, Japan and India hold China's strategic gateways to the Pacific and Indian Oceans, respectively, and both countries have strengthened cooperation with the United States and formulated strategies to control the sea for the primary purpose of guarding against China, thereby greatly compressing the scope of China's maritime

interests and depth of defense. In addition, the spatial scope of China's ocean-going routes basically coincides with the "arc of world turmoil", which is characterized by many complex ethnic and religious contradictions and hot issues. In Southeast Asia, the United States has continuously hyped the China threat and incited the Philippine and other small ASEAN countries to contest China's maritime rights and interests, creating the risk that the security of China's South China Sea portal may be damaged due to war. In Northeast Asia, the United States exploits the North Korean issue and Sino-Japanese conflict and repeatedly agitates North Korea and Japan, thereby continuously escalating the tense situation in this region and creating security pressure on China's maritime gateways and passages, including the Korean Strait and various Ryukyu waterways.

### ***11.2.3 Many Nontraditional Security Threats Are Increasingly Evident***

Maritime terrorism and piracy acts are the greatest nontraditional security threats to China's sea lanes. Sea areas including the Gulf of Aden, the Strait of Malacca, the area off the coast of Nigeria, and the South China Sea are the locations of the most frequent and concentrated piracy activities in the world today. According to statistics of the International Maritime Organization (IMO), more than 70% of annual global piracy and ship hijacking incidents occur on the high seas of Asia. In the past several years, Chinese ships have frequently been attacked by pirates and maritime terrorists and have suffered heavy losses. In addition, as the global war on terror advances, terrorists have become increasingly inclined to attack maritime targets.

## **11.3 Overall Thinking on Safeguarding the Security of China's Sea Lanes**

### ***11.3.1 Mitigate Maritime Security Risks Through Cooperation***

#### **1. Actively seek maritime security cooperation with the United States**

China should actively seek to establish a maritime security partnership with the United States to increase security cooperation in areas where the two countries have common interests and face common threats, such as piracy and maritime terrorism. China should also intensify cooperation in the economic and trade fields to offset and neutralize the conflicts of interests that China and the United States have in certain fields through an interest-binding mechanism; use cooperation in nontraditional security fields as a starting point to gradually enhance strategic mutual trust and

avoid strategic confrontation; and make full use of high-level China-US dialogue mechanisms to promote diplomacy and security.

## **2. Deepen maritime strategic coordination with Russia**

China and Russia should strengthen their consultation through a global and multilateral framework. First, Russia's oil export program should be expanded to China and terrestrial oil transportation routes should be opened (for example, by transforming or constructing new dedicated railway lines and oil transport pipelines) to diversify the risks of maritime transport. Second, the current status of China's maritime transport—that is, “strong in the south and weak in the north”—should be used to achieve exchanges and cooperation on issues such as the Tumen River estuary, the Japan Sea route, and the Arctic Ocean route. Third, joint maritime operations should be held and goalless deterrence should be implemented.

## **3. Strengthen cooperation with countries around the sea lanes**

In the Asia-Pacific region, China should use its own economic advantages and its central position in Asia to strengthen cooperation with Japan and India. Through the “10 + 6” and other multilateral mechanisms, China should strengthen economic and trade relationships with Japan, India, Australia, and ASEAN countries, vigorously push the new Asia-Pacific security concept, and forge a new industrial order in East Asia with China as the center.

In the Indian Ocean region, China should actively participate in the affairs of the Indian Ocean Rim Association for Regional Cooperation (IOR-ARC). Within the framework of the IOR-ARC, China should strengthen economic, trade, technological, and anti-terrorism cooperation with Sri Lanka, Egypt, Saudi Arabia, and countries on the east coast of Africa, consider the Indian Ocean an important area for China's ocean strategy, and construct a security guarantee system for sea lanes. In Latin America, China should focus on the Panama Canal and actively participate in the affairs of the Bank of America, the Caribbean Community, and other organizations in order to increase its strategic presence in the region.

### ***11.3.2 Safeguard Maritime Security with Deterrence***

#### **1. Continue to maintain an external deterrence posture**

Several strategies can be implemented to maintain an external deterrence posture. First, rely on economic means. Second, rely on conventional military means. Third, rely on strategic nuclear capabilities. Nuclear deterrence is a type of ultimate deterrence, which can achieve a deep binding of the “first interest” of both sides of the game. Given the security threats posed by the U.S. military alliance, China should consider preparing for a military conflict in accordance with the criteria of “ensuring mutual destruction” and always maintain a portion of the military in combat duty status.

## **2. Accelerate the construction of military forces at sea**

China should accelerate the pace of construction to modernize its navy, which will enable the navy to become a core force in China's external strategic threat. First, it is necessary to increase investment in resources to build maritime military capacity. Second, it is necessary to accelerate the strategic transformation of the navy from "coastal defense, offshore operations" to "open sea defense, ocean-going control." Third, it is necessary to vigorously expand sea-based strategic nuclear forces and strive to maintain a strategic nuclear submarine fleet of 10–15 ships. Fourth, it is necessary to urge the deployment of maritime forces to "look west" and to use comprehensive economic and diplomatic means to provide timely and effective logistics and military support to maintain strategic passages at sea.

## **3. Increase the show of presence at sea**

With the backing of maritime military forces, we should integrate political, economic, and diplomatic battles and intensify China's presence at sea. We should gradually increase methods such as maritime patrols, cruising, escort drills and maritime surveillance to show the strength of China's maritime forces in relevant strategic passages and their surrounding sea areas and to demonstrate China's willingness and ability to maintain the security of sea lanes. At the same time, efforts must be made to enhance the construction of ocean-going escort capabilities, improve the technological equipment and comprehensive support capabilities of escort ships, strengthen ocean-going escort training drills, and improve the skills of escort teams and comprehensive support personnel.

## Chapter 12

# Arctic Shipping Routes: A “New Balance” Strategy for the Maritime Silk Road



With the progressive improvement of navigation conditions in the Arctic Ocean, Arctic shipping routes are no longer mysterious sites for scientific expedition but rather strategic locales full of energy development and commercial shipping. They are convenient and expeditious passages for China to connect to the three major economic circles: Northeast Asia, Europe, and North America.

The scale effect of Belt and Road globalization construction should highlight the high level of development of Sino-Russian and Sino-European relations. In the future, maritime transport on Arctic shipping routes will be an important complement to Belt and Road and of great strategic significance, echoing the terrestrial passages of the Silk Road economic belt, expanding the 21st Century Maritime Silk Road routes, and improving the opening up of China's economic and trade network in all fields to the outside world.

## 12.1 Important Complement to the Belt and Road Initiative

Since China became the greatest power in the global trade of goods in 2013, China's economic dependence on foreign trade has remained high. At present, the Chinese economy's degree of dependence on foreign trade is as high as 60%. In addition, 90% of China's foreign trade transport volume is completed through shipping, making it the main cargo transportation passage; 19% of the world's shipping of bulk cargo is shipped to China; and 22% of export containers come from China. In the long run, China—as the world's largest trading body and largest shipping industry country—should focus on planning and expanding the shipping routes of the 21st Century Maritime Silk Road and on enriching and improving the maritime transportation network.

Since entering the 21st century, the frozen Arctic shipping routes have gradually thawed due to the effect of global warming. As the scale effect of Belt and Road globalized construction is highlighted and Sino-Russian and Sino-European relations

continue to develop at a rapid rate, maritime transport on Arctic shipping routes will become an important complement to Belt and Road in the future and is of great strategic significance.

## 12.2 Long-Term Layout of Arctic Shipping Routes

**As the “golden waterway” of the Arctic Ocean, the Northeast Passage has great development value.** The Arctic shipping routes include three major routes, namely, the Northeast Passage, the Northwest Passage, and the Central Passage. Most of the route segments of the Northeast Passage are located in north of Russia, and most of the route segments of the Northwest Passage are located in the waters off of northern Canada. However, the Central Passage passes through the high-latitude sea areas of the Arctic Ocean. From a practical perspective, the Northeast Passage is currently the most likely route for navigation. The natural resources in the sea area in which the Northeast Passage is located are relatively rich and the development value is relatively large; moreover, the Northeast Passage has a broad water area with many available ports along the route and is connected to inland railway transportation passages with relatively high accessibility.

**The rudiments of new transportation trunk lines on Arctic shipping routes connecting Asia and Europe have emerged.** The melting of the Arctic sea ice has catalyzed Arctic shipping, and in recent years, there has been a significant increase in the volume of traffic in the Northeast Passage. Data from the Russian Arctic Logistics Center show that in 2016, a total of 297 ships sailed through the Northeast Passage, the total number of navigations was 1705, and a total of 7.266 million tons of cargo were transported, reflecting a year-on-year growth rate of 35%. At present, the merchant ships of Chinese enterprises have established fixed routes through the Arctic shipping area and the rudiments of new transportation truck lines on Arctic shipping routes connecting Asia and Europe have emerged. The Arctic Climate Impact Assessment (ACIA) predicts that by 2020, the Arctic Ocean will have years of ice-free summers, which means that the layers of ice that have accumulated in the central Arctic Ocean region over many years will completely disappear. The potential opening of Arctic shipping routes to navigation is apparent, ushering in a new era of commercial shipping.

## 12.3 Highlighting the Value of the Arctic Shipping Routes

**Arctic shipping routes open overseas resource procurement sites and maintain China’s energy lifeline.** Accelerating the establishment of stable and diversified energy supply channels is of great significance to China’s energy and economic security. The Arctic region is very rich in oil and gas resources and is reputed to be the “second Middle East.” According to the U.S. Geological Survey, unproved oil

reserves in the Arctic region amount to 90 billion barrels, natural gas amounts to 47 trillion cubic meters, and flammable ice amounts to 44 billion barrels, accounting for 30% of the world's undiscovered natural gas reserves and 13% of the oil reserves. Moreover, the water depth in more than one-half of the continental shelf areas of the Arctic Ocean does not exceed 50 m, which is conducive to energy development and exploitation. The full opening of the Arctic shipping routes will reduce the possibility that China's energy lifeline will be blocked.

**The opening of Arctic shipping routes advances the diversification of ocean transport and enhances the right to discourse on the use of shipping routes.** From a security perspective, the opening of Arctic shipping routes could avoid the existing risks of the original transport pattern. Moreover, the use of Arctic shipping routes allows ships to avoid the congested routes of the Malacca Strait and the Suez Canal and thus reduces the threat of pirates and terrorists. From the perspective of strategic checks and balances, the opening of Arctic shipping routes will also help to ease the "Malacca dilemma" of China's maritime transport (especially maritime energy transport) and will break the long-term monopoly of the Malacca Strait-Suez Canal shipping route over international shipping, which in turn will stimulate route construction and upgrades to open routes to navigation and increase service quality.

**The opening of Arctic shipping routes changes the layout of the international division of labor and drives industrial and economic development of coastal regions.** On the one hand, the opening of Arctic shipping routes will narrow the distance between China and Europe, North America, and other markets and will change the international division of labor and industrial layout. On the other hand, the opening of Arctic shipping routes will promote the development of the port economy and international trade in the eastern part of China. From the perspective of international shipping distribution, ports such as Qingdao, Tianjin, and Dalian in the north of Shanghai can use Arctic shipping routes to participate in the allocation of global market resources and cooperate in the industrial division of labor, thereby driving the industrial and economic development of coastal regions.

**Arctic shipping routes will shift the global economic center northward and enhance China's geopolitical influence.** Most developed countries in the world can use Arctic shipping routes to strengthen national cooperation within the Arctic Circle, and the strategic position and international influence of countries along traditional shipping routes will certainly decline as a result. The development and utilization of Arctic shipping routes will promote the expansion of ports and cities along the route and increase their functionality, enhance the geopolitical influence of countries through which the shipping route passes, and create a new economic circle around the Arctic Circle countries of Europe, America, and Asia. As a country near the Arctic Circle, China will enjoy increased geopolitical influence.

## 12.4 Marginal Benefits and Development Strategies for Arctic Shipping Routes

**Arctic shipping routes will enhance the “degree of contact” with the Arctic region.** China should do the following to enhance the “degree of contact” with the Arctic region: further strengthen scientific research capabilities in the polar region to provide intellectual and technical support for China’s participation in the construction of Arctic shipping routes; launch targeted research and development of marine and polar expedition ships and related equipment to improve the quality and quantity of icebreakers; establish a sound mechanism for scientific expeditions to the Arctic; comprehensively expand scientific expedition activities in the Arctic; increase the number of scientific expeditions in the Arctic region; improve the quality of the Arctic Expeditionary Station; appropriately increase the number of Arctic expedition stations; maximize knowledge of changes in Arctic natural conditions and the navigation patterns of the Arctic shipping routes; and improve emergency response and rescue capabilities in polar waters.

**Arctic shipping routes will improve the right to discourse on Arctic governance.** China should prioritize the proper handling of diplomatic issues related to the development and utilization of Arctic shipping routes and actively use its status as a permanent member of the UN Security Council and IMO and an observer state of the Arctic Council to justify its participation in Arctic governance. On the one hand, we should uphold the basic principles of mutual benefit, win-win, and peaceful development; propose topics related to Arctic governance for discussion; and strengthen exchanges. On the other hand, China should actively promote reform and improvement of the governance system for the Arctic region, provide more “Chinese approaches” to Arctic governance, and avoid or eliminate the “China threat theory” that some Western countries may use to contest China’s involvement in Arctic development.

**China should adopt Russia’s Arctic shipping route strategy (the North Sea Route (NSR) Strategy) and work together with Russia to build a “Silk Road on Ice.”** China should strive to make Russia a strategic fulcrum for linking China to European countries on the Arctic shipping route of the Maritime Silk Road and promote the interactive development of Belt and Road. In general, the land near the Arctic shipping route is a “fringe” zone with relatively low levels of development and a great demand for infrastructure and energy development. China can strengthen Sino-Russia cooperation on interconnection and intercommunication projects through Belt and Road construction, take advantage of the construction financing role of AIIB and the Silk Road Fund, improve and upgrade ports and supply stations along the shipping route, and jointly construct a “Silk Road on Ice” to achieve a win-win situation for China and Russia.

**China must lead the strategic economic dialogue in the near-Arctic Circle region and forge an Arctic economic circle.** After the Arctic shipping routes open, the strategic positions of countries near the Arctic Circle, such as the United States, Canada, Japan, South Korea, Russia, and the European Union, will surely be further

enhanced. China should maintain the principles of broad consultation, joint contribution, and win-win; focus on policy coordination, facilities connectivity, unimpeded trade, financial integration, and people-to-people connectivity; expand “friendship circles” with countries near the Arctic; strengthen strategic economic dialogue with various countries; enhance strategic mutual trust; avoid falling into the so-called “Thucydides Trap” in the West; and work with other countries to jointly forge a vibrant Arctic economic circle.

## Chapter 13

# People-to-People Communication: The Basic Foothold of Belt and Road Cultural Exchange



Belt and Road needs the dual-core push of economy/trade and cultural development. It must embrace economic cooperation as a foundation, humanities exchange as a guide, and open and inclusive development as a concept. The Belt and Road traverses Asia, Africa, and Europe and can be described as “a wide belt with a long road”. The development of relations between various countries requires both the “hard” support of economic and trade cooperation and a “soft” program of defined cultural exchange. Belt and Road cultural exchange has led to new development opportunities for China’s international right to discourse and allowed unprecedented exchanges and interactions between Chinese culture and global culture, which play together as an arousing and moving concerto for multicultural prosperity and development.

Then, in the context of the Belt and Road, what concept should be used by countries of the world to formulate a “soft program” of cultural exchange? Which aspects should be used as the foothold to drive the prosperity and development of Belt and Road culture, trade, and industry so as to form the “soft tissue” of the community of common destiny for all mankind?

### 13.1 The Basic Starting Point of Belt and Road Cultural Exchange

**Overseas cultural exchange should maintain the development idea of openness and inclusiveness; use a discourse system of equality, respect, and inclusiveness; seek common ground while acknowledging differences; and respect the diversity of culture and values in various countries.** Belt and Road cultural exchange should carefully avoiding misgivings or resentment in the outside world due to the improper use of language. In addition, cultural exchange and trade interaction with countries along the route should be deepened to promote regional cooperation and achieve long-term development.

**Overseas cultural exchange should maintain a cultural and ecological pattern of blending, mutual learning, and absorption of anything and everything; it should promote development in exchange and promote exchange in development.** Through friendly interactions, we seek wisdom and gain resources from different civilizations and promote exchange, dialogue, peaceful coexistence, and harmonious symbiosis among different civilizations. The government should play a leading role in overall planning, integrate the spread of culture into the diplomatic and economic and trade processes, and form a coordinated development posture for cultural exchange, the spread of culture, and culture-based trade.

**Overseas cultural exchange must give full play to the guiding role of the market, innovate and develop based on inheritance, and demonstrate the inherent dynamic of the development of Chinese culture.** We should increase the scale, intensification, and professionalism of cultural industry through market competition; innovate cultural content and the model of cultural outreach; employ Internet thinking and new scientific and technological methods to promote the deep integration of Belt and Road multiculturalism; and strive to forge new competitive advantages for Chinese cultural exports.

### **13.2 The Foothold for Belt and Road Overseas Cultural Exchange**

**To improve Belt and Road cultural exchange and cooperation mechanisms, we should first establish a coordination mechanism for departments with responsibility for areas such as national development, reform, culture, diplomacy, and commerce.** We should draw support from multilateral cooperation mechanisms to drive top-level design, policy coordination, and implementation of the program of dissemination and exchange, comprehend the situation and trends from perspectives such as systems and policies, and provide guidance to facilitate the spread of culture externally and to promote exchange and cooperation. **Second, we should recognize the importance of establishing practical and effective bilateral consultation mechanisms and constructing bilateral or multilateral high-level consultation mechanisms.** We should use platforms, including existing multilateral cooperation mechanisms and regional and sub-regional related international forums, to strengthen communication and cooperation and to normalize dissemination, exchange, and cooperation through joint communiques, declarations, memorandums of understanding, and other documents and agreements relating to dialogue, communication, and consultation. **Third, we must maintain and spread the Silk Road spirit and build a platform for high-level humanities dialogue and think tank cooperation.** We must not only strengthen internal exchange, communication, and collaboration but also promote exchanges among international think tanks, establish influence processes, and spread policy opportunities, thereby generating a major impact on domestic and foreign policies. **Finally, we should construct a mechanism that integrates the**

**joint forces of exchange and dissemination with resources.** We should effectively use and configure a variety of factors and policy tools to integrate the functional roles and resource advantages of various entities in order to foster synergy and cooperation among stakeholders.

**To improve the Belt and Road cultural exchange and cooperation platform, we must give full play to China's Overseas Chinese Cultural Centers and Confucius Institutes and work together to spread the Chinese culture externally.** Each institution should define its functional status and differentiate its positions, and both institutions should develop together. The Confucius Institutes should focus their energy on schools and the education field, whereas the Cultural Centers should work in the social field; when necessary, the two entities must work together to strengthen cooperation, including extensive cooperation with enterprises and social organizations and counterpart cooperation with provinces and departments, to jointly organize cultural exchange activities. This type of cooperation not only increases the popularity of the cooperating provinces abroad but also expands the funding sources, personnel, and technical support of the China Cultural Centers, generating mutual benefits and a win-win situation.

**To forge a Belt and Road cultural exchange brand, we must first consider cultural product design, product contents and services, and brand building.** While “inviting in” and “going global,” we should cultivate the brand for spreading culture using exchange and cooperation products and activities, such as cultural forums, exhibitions, performances, and trade, with rich cultural connotations in a variety of forms. We should use products as the axis to innovate technology, innovate the state of industry, and innovate resources and use dissemination, exchange, and cooperation to organically unite content with channels. We must also consider the use of new media such as the Internet to perpetuate the historical origins and cultural spirit of Belt and Road, develop a culture with open features, and enhance the characteristics and attractiveness of national cultural dissemination, exchange, and cooperation. **Second, we should support the construction of enterprise cultural brands and enhance industrial competitiveness.** We should encourage qualified cultural enterprises and related institutions to invest overseas; establish branches; strengthen cooperation and exchange with overseas counterparts; understand and master the latest developments in overseas markets; study and learn from international operating models; recruit high-level overseas talents; expand the overseas market shares of Chinese cultural products and services; and enhance the international competitiveness of China's cultural industry. **Finally, we need to vigorously develop tourism with Silk Road characteristics to achieve resource linkages between culture and tourism.** Using Belt and Road interconnections and intercommunication as the core concepts, we should achieve a linkage effect of tourism resources from points to area, inspire people of all countries to understand the value of Silk Road culture, strengthen cultural exchange between various countries, and jointly draft the “Brilliant Work of the Silk Road.”

### 13.3 Promoting Prosperity and Development of the Belt and Road Cultural Trade Industry

**First, we must refine the needs of the common culture and facilitate the development of cultural industries.** Focusing on the theme of “Cultures of the New Silk Road,” we should have countries along the Belt and Road route jointly translate and publish related books and shoot and broadcast related films and television shows. If the cultural industry wants to achieve leapfrog-style development, it must exploit the advantages and resources of both domestic and international markets. At the same time, the cultural industry should actively participate in the transformation and upgrading of the international division of labor to ascend to the higher ranks of the global cultural industry value chain.

**Second, we should intensify efforts to nurture leading, supportive and large-scale cultural industry groups and culture and trade circulation enterprises characterized by prominent primary industries, strong core competitiveness, and significant influence.** We should take advantage of favorable opportunities in the current active market for domestic culture to support a group of large-scale cultural enterprises with development potential and mixed economic structures to increase international competitiveness through cross-regional and cross-industry mergers and reorganizations. It is necessary to combine cultural exchange programs between governments with the market-oriented operations of enterprises to drive development of the international cultural trade. In addition, given that China’s cultural circulation enterprises remain relatively weak and inexperienced, the government must help to stimulate the market and then withdraw when the enterprises have achieved sufficient growth; at the same time, the government must actively supporting mature Chinese cultural enterprises as they engage in transnational investment and mergers and acquisitions to enter the international cultural trade market.

**We must unleash China’s comparative advantages and use the export of hardware products to drive the development of cultural trade and services.** It is suggested that a group of export-oriented production bases for cultural products be established and international copyright cooperation be vigorously promoted to help contents and products to enter the international market. We should unleash the spirit of the cultural Silk Road for mutual learning; jointly seek new drivers of cultural development; expand into new spaces for cultural development; and find new models for cultural cooperation to contribute Chinese products to the development of cultural trade.

## Chapter 14

# Inclusive Development: Innovation of the Belt and Road System



Economic globalization presently stands at a crossroads. The Silk Road spirit nurtured by traditional Chinese culture and the unprecedented speed of development in China have prompted an increasing number of countries to explore the possibility of falling in line. Using openness and inclusiveness as its cooperative approach, the Belt and Road initiative to construct win-win cooperation mechanisms yields new ideas for resolving global economic integration, which has hit a low point, and contributes Chinese experience and socialist practices and approaches to the development of international cooperation models.

### 14.1 Openness and Inclusiveness Contribute to Principles and Momentum

**The purpose highlights inclusiveness.** The purpose of Belt and Road is to jointly forge open, inclusive, balanced, and universally beneficial regional economic cooperation architecture for countries along the route to enable the orderly and free flow of economic elements, efficient allocation of resources, and deep market integration, which in turn will allow the people in countries along the route to share in the opportunity for fair participation and enable countries and regions along the route to share in development achievements. Its cooperation emphasizes the “Five-Pronged Approach,” which includes policy coordination, facilities connectivity, unimpeded trade, financial integration, and people-to-people connectivity. It does not use plunder as a means to gain wealth, and it is not limited to short-term economic interests but rather embodies the purpose of inclusiveness in Belt and Road.

**The thinking highlights diversity.** Belt and Road is not an output of China’s capital and national power but rather the result of interfacing with existing development strategies of other countries and regions. Friendly economic cooperation, regional integration and upgrading are conducted to achieve complementary development. Through the establishment of a multilateral mechanism driven by bilateral mecha-

nisms, it avoids the long-standing stalemate status of existing regional integration mechanisms and rules and exhibits new features that are cross-regional, comprehensive, and relevant.

**The approach embodies flexibility.** The Belt and Road initiative strives hard to avoid formal treaties with potential and measurable demands and instead endeavors to forge flexible partnerships through informal institutional constructions such as memorandums of understanding, joint declarations, administrative agreements, ad hoc arrangements, and exchanges of letters. The informal system better captures objective trends compared with official written treaties; it also accepts relevant countries in an orderly manner—for example, the easy ones first and the difficult ones later or the close ones first and the distant ones later—and is tailored to different national conditions and regions to meet specific needs. The informal system does not deliberately pursue unanimity but rather controls the process with a high degree of flexibility, developing one by one as conditions mature and implementing one by one as funds are in place to allow development to continue along the road.

**The main body demonstrates extensiveness.** Chinese President Xi Jinping noted in the report of the 19th National Congress of the Communist Party of China that “China upholds the global governance view of broad consultation, joint contributions, and shared benefits; advocates the democratization of international relations; and insists that all countries, big or small, strong or weak, and rich or poor are equal” and typically non-exclusive. Xi Jinping argued that we should abandon the “Cold War mentality” demarcated by ideology; refuse to engage in “circle culture”, whereby countries are deemed close or distant; establish communication and consultation mechanisms through international cooperation; and achieve a high level of scale effect on a widespread basis.

## 14.2 An Inclusive Culture Contributes to Background Strength

The justifiable benefit concept in contemporary Chinese diplomacy perpetuates the concept of traditional Chinese cultural values—the integration of righteousness and benefit; righteousness first and profit after; and proper acquisition of profit. China’s strategic investment in Belt and Road embodies the overall orientation of the “correct justifiable benefit concept” and reflects the strategic positioning of contemporary China in terms of diplomatic concepts.

**If one wants to obtain something in the future, one must first give something.** The outflow of capital is a prerequisite for the globalization of production capacity. A good investment and financing mechanism and stable capital transfers are the basis for continuous project advancement. The regions along the Belt and Road route are mainly emerging economies and developing countries, with a total population of approximately 4.4 billion and an aggregate economy of approximately USD 21 trillion, which account for approximately 63 and 29% of the global val-

ues, respectively. The Belt and Road region is currently one of the fastest-growing regions in terms of global trade and cross-border investment, and its economic growth is highly dependent on cross-border trade and investment growth. In the long run, infrastructure-type investment projects will both improve the living conditions of local residents and yield considerable profits; only in these conditions will all parties actively participate. The Belt and Road initiative is in line with the interests and needs of every country in the world that are in the same situation, and this road of mutually beneficial cooperation will surely widen as it lengthens.

**Tax reductions, governance policy, improved infrastructure, intercommunication between business travel and trade, and a preferential agricultural policy are necessary.** Smooth traffic and roads are necessary preconditions for the flow of capital, the circulation of materials, and the movement of talent. China's Belt and Road construction prioritizes "road-linking", which reflects the successful promotion of Chinese experience and the Chinese model. China's infrastructure construction technologies, such as railways, highways, and ports, have matured and are presently meeting the demands of countries along the route for construction of infrastructure that is critical to economic development. Perfect infrastructure construction can promote free trade, eliminate barriers to trade and investment, strengthen unimpeded trade, optimize economic and industrial structures, allow more profits to remain in their countries of origin to drive the development of other industries, and establish a good economic cycle system, all of which are very important factors in overcoming a dependent status.

**Profits are the sum of righteousness.** Mutual benefits are the fundamental basis for economic cooperation between countries in the world today. For this reason, Xi Jinping strongly emphasized that the Belt and Road initiative must continue to embrace the notion of mutual benefits, that is, foreign cooperation should be mutually beneficial and win-win; it should not be exclusively self-interested but also take into account the interests of other countries and contribute to the creation of a community of common interests. In addition, it is necessary to pay attention to the important role of Belt and Road in non-economic fields and to continue to make contributions in areas such as transportation, the environment, agriculture, medical care, and culture that will not quickly generate economic benefits. The community of common interests is not merely a sharing of development dividends between different entities; rather, non-economic interests also need to be advanced.

### 14.3 Cooperation and a Win-Win Approach Contribute to Spiritual Power

Belt and Road embraces the Silk Road spirit of "peaceful cooperation, open tolerance, mutual learning, mutual benefit, and win-win" as its mission to change the unequal status between developed and developing countries in international trade and to construct a new type of trade relations between countries.

**There should be no political conditions attached.** Unlike the export of capital from developed countries, which often involves the “pinning” policy, the Belt and Road initiative is an interregional cooperation program proposed by a socialist country and thus constitutes a proper response to historical development trends. It does not impose any political, economic, or other conditions in the process of construction; it does not interfere in the internal affairs of other countries; it seeks not to manipulate the economy of other countries but rather to obtain common ground while acknowledging differences; it respects other countries’ different choices regarding global governance; and it does not affect the political stances of other countries in international cooperative relations. The effects of its implementation economics, politics, culture, military affairs, and diplomacy will serve as an important reference for other socialist countries seeking to formulate strategies for international cooperation and development for a long time to come.

**We must respect the patterns of market development.** Belt and Road respects the willingness of other countries to cooperate, adopts an open and inclusive attitude, follows the operating laws of the market economy, and participates in each country’s freely chosen area of cooperation in accordance with the basic principle of exchanges of equal value, according to actual development needs, at the lowest cost, with the fastest speed, and at the highest profit. The implementation of Belt and Road construction employs the correct justifiable benefit concept; it is neither the “plundering” capital output of Western countries nor poverty-relief-without-return; rather, it compensates for the shortcomings in local infrastructure construction by building capital-intensive and technology-intensive industries to release economic development potential.

#### **14.4 An Inclusive Development Path that Transcends the Concept of Interests**

The “thought of great harmony” in traditional Chinese culture emphasizes that the world is the public and everyone is equal. The Belt and Road initiative shows that China no longer stands alone in global affairs and represents the consciousness of a great power. On the one hand, this initiative makes clear that countries have the right to independently participate in economic exchange activities regardless of the size of their economy or the value of resources in their territory; on the other hand, it attaches great importance to infrastructure construction involving large investments and a long return period. The pattern and tolerance of the Belt and Road initiative for the world’s poor will allow the entire world to experience the inclusiveness, openness, and cooperative win-win of the Chinese approach.

The Belt and Road cooperation mechanism that China has advanced surpasses actual economic interests. It has extraordinary meaning as a reference and example for developing countries, especially socialist countries, which are “minorities,” that seek worldwide recognition and resonance, an end to the isolation based on

political systems, and development of international cooperation on equal footing. International cooperation is not limited to South-North cooperation or South-South dialogue; rather, learning from others' strengths to close the gap and achieve peaceful development is the permanent theme of global harmony. We should use history as a mirror, learn from each other, and walk a good path for future cooperation and development.

## Chapter 15

# The Public Horizon: Anti-terrorism Work Under the Belt and Road Initiative Entails Major Responsibilities and a Long Road



Many countries along the Belt and Road route are located in “high-risk” areas where terrorists gather and terrorist activities are common. Terrorism has already had a negative impact on Belt and Road construction. First, terrorism threatens China’s economic investment in neighbouring countries along the route, embassies and consulates abroad, and cooperative projects in countries where such projects are stationed. Second, terrorism affects the situation of countries along the route and thereby affects the implementation of China’s strategy. Third, terrorism spreads through networks, disseminates extreme religious ideology, and teaches terrorist attack skills. Fourth, there are differences and conflicts among countries along the route with respect to the means of combating terrorism.

Against such a backdrop, it crucial to analyze and evaluate the security challenges and terrorist threats facing the Belt and Road initiative. In addition, strengthening anti-terrorism efforts under the Belt and Road initiative is imperative. Thus, the question of where we start to strengthen anti-terrorism efforts warrants careful consideration. At present, the most important steps are to clarify the security objectives of the anti-terrorism strategy, strengthen the control of key personnel at regional border ports, continue to bolster the anti-terrorism coordination capabilities of countries along the route, and actively develop anti-terrorism strategic countermeasures, such as regional anti-terrorism judicial cooperation.

### 15.1 Anti-terrorism Strategic Countermeasures Under the Belt and Road Initiative

**The countries along the Belt and Road route should clarify the security objectives of their anti-terrorism strategies, and we must ensure the security and social stability of countries along the route.** We must mobilize the masses in countries along the Belt and Road route; effectively integrate the resources of all parties involved in the host country’s social environment; pay increased attention to active

offensives and pre-emptive strikes against enemies; pay greater attention to overall and regional prevention and control; pay more attention to both the symptoms and root causes of terrorism and contain the fountainhead; endeavour to strengthen anti-terrorism capabilities and engage in construction; and strive to raise the level of anti-terrorism work. In addition, we should continue to strongly crack down on terrorist forces, launch “beyond the border clean-up” projects, and make every effort to prevent terrorist activities from spreading to the periphery.

**The countries along the Belt and Road route should intensify control of key personnel at regional border ports and in particular should increase the supervision and background checks of key personnel and the control and inspection of outbound “backflow” personnel.** The anti-terrorism work of countries along the Belt and Road route must always consider the “key person” as the core element, especially with respect to the personnel of extremist religious terrorist groups such as the “East Turkestan Islamic Movement (ETIM),” “Al-Qaeda,” and the “Taliban.” Countries should intensify visa screening procedures and document verification for key personnel entering the country from regions involved in terrorism and ensure that members of groups such as “Al-Qaeda,” the “Islamic State (IS),” and “East Turkestan,” are prevented from entering the country with forged or false documents or “bleached” identities. In addition, countries along the Belt and Road route should pay close attention to “backflow” from countries involved in terrorism and should intensify the tracking, checking, and supervision of backflow personnel to prevent them from working with extremists to conduct terroristic incidents after entering the country.

**Countries along the Belt and Road route should continue to intensify their anti-terrorism cooperation capabilities.** First, every department of countries along the route must establish sound security risk assessments and early warning systems for assets such as overseas investment and businesses, project contracting, outbound tourism, outbound training, and cultural exchanges. In addition, industry and internal security safeguards and bilateral cooperation mechanisms should be established to enhance protection of overseas interests and security. Second, the countries along the route should focus on anti-terrorism security prevention in accordance with the notions of “keeping a foothold in prevention, comprehensive management, overall prevention and control, and territory-based efforts”; construct a networked, cooperative, transnational, and regionalized prevention and control system; and intensify the construction of an anti-terrorism prevention and control cooperation system. Third, the anti-terrorism security assurance capabilities of the countries along the Belt and Road route should be enhanced through cooperative projects, economic investment, and overseas embassies and consulates. International conferences and other large-scale activities should be held, and cross-regional joint simulation exercises and drills should be conducted to enhance the ability to handle emergency on-site sealing and rescue in conventional terrorist attacks. Fourth, countries along the route need to intensify their cooperation with the Islamic Military Counter Terrorism Coalition and jointly fight terrorism through military, financial, intelligence, and political channels and mutual assistance.

**China advocates a security concept that establishes common, comprehensive, cooperative, and sustainable security ideas based on the principles of broad consultation, joint contributions, and shared benefits to create a fair, just, harmonious, and stable overall security pattern and atmosphere, for example, by using appropriate approaches to intensify anti-terrorism cooperation with the United States and other countries in Europe and to actively promote regional anti-terrorism judicial cooperation.** First, every country must actively establish sound regional anti-terrorism legal conventions; clarify the meaning, content, and attack targets of terrorism; and resolve actual problems encountered in anti-terrorist work under the Belt and Road initiative in a manner that is tailored to the local conditions. Second, every country needs to establish standards for the investigation and forensics of terrorist crimes. In terms of investigation, countries along the Belt and Road route must formulate standards for the identification of terrorist crimes and terrorist organizations. In terms of forensics, the countries along the route must respect and protect human rights and establish appropriate legal mechanisms while employing professional techniques such as technical investigations, electronic interception, “big data,” and “cloud computing and cloud processing” to improve anti-terrorism forensics capabilities. Finally, the countries along the route should continue to support international anti-terrorism judicial cooperation, adopt international anti-terrorism criminal justice cooperation as the top priority for law enforcement, engage in security cooperation with countries along the route, and prepare regional cooperation plans under the security framework of the Belt and Road initiative. We should make full use of multilateral anti-terrorism cooperation and exchange mechanisms—such as the UN, the Shanghai Cooperation Organization (SCO), and Asia-Pacific Economic Cooperation (APEC)—and bilateral anti-terrorism consultation mechanisms to construct anti-terrorism security barriers in all directions and across wide areas, focusing on countries along the route. We must prioritize and intensify the negotiation and execution of bilateral criminal justice treaties, extradition treaties, joint anti-terrorism cooperation mechanisms, and so on to construct a judicial cooperation network that provides an effective legal framework and reference for anti-terrorism judicial cooperation.

## **15.2 Lessons Learned from the Anti-terrorism Experience of Countries Along the Belt and Road**

The United Kingdom has recently suffered multiple terrorist attacks. Some people believed it was because the government did not care enough about Islam, and some people thought that the government’s preventive measures were inadequate. In fact, in terms of government care, Western countries such as the United Kingdom and France have expended massive amounts of welfare each year on the Muslim communities within their countries, but terrorist activities are nonetheless becoming increasingly violent. In terms of preventive measures, U.S. forces have long used the power of

the entire country to combat terrorism and Europe has detected the activities individual suspects using the most advanced means, but terrorist activities have continued unabated.

The reason terrorist attacks are difficult to eradicate is not that the Muslims are poor or that the police are weak and technologically backward; rather, the difficulty is due to the closed and autonomous state of Muslim communities under secular regimes. Countless painful lessons have shown that terror often lives as a parasite in Muslim communities. In addition, because the living habits of Muslim believers are unlike those of secular groups, Muslims often prefer to live in social clusters. This way of living in clusters, together with the strong political will of Islam itself, give Muslim communities enormous political mobilization energy (not military mobilization capabilities) when dealing with grassroots institutions of secular governments. Because the ideology of secular regimes lacks the innate correctness of the Muslim community and it is difficult to draw support from the instinctive moral binding force in Muslim culture, fragile secular grassroots governments are actually extremely deficient in terms of their ability to control and restrain, which means that a Muslim district in a secular regime is often in a state of anarchy. In the suburbs of various major cities in France, a large number of Muslim-dominated “no-go zones” are laid out; the Molenbeek Muslim district in Belgium has generated fear in the local police. When the local government cannot implement effective management, a state of anarchy and criminal activities will emerge in the proper conditions. Therefore, the root cause of the frequent occurrence of terrorist activities lies in the factual collapse of local grassroots governments in secular countries before the political mobilization of religious communities. This type of anarchic state is actually a type of political ulceration; it often allows the most savage and bellicose jihadists to exploit religious fanaticism to hold hostage or even dominate the entire Muslim community and to act recklessly and without care for anyone else to acquire manpower and resources to launch terrorist activities.

Singapore has been comparatively successful in containing Islamic terrorist activities. Singapore strictly prevents Muslims from living together in groups and instead places Muslims among the secular population as individual units, thereby preventing the possibility that anarchic communities will form and eliminating the potential for religious communities to mobilize politically in sufficient numbers to destroy the government. Ultimately, Singapore allows no living space for terrorist activities in the country.

Welfare and militaries can never defeat terrorism, just like a cannon can never eradicate mosquitoes. Based on Singapore's experience, it is suggested that the Islamic community be gradually divided and ruled.

## Chapter 16

# Geo-Economics: The Layout of Belt and Road Regional Trade Cooperation



Achieving unimpeded trade by strengthening trade cooperation is an important task in the Belt and Road initiative. Since its launch, Belt and Road construction has made positive progress in areas such as trade fields, trade structure, and trade scale. First, China has achieved certain interconnections and intercommunications with the infrastructure of countries along the route. Second, the Belt and Road cross-border economic cooperation zones and multilateral investment framework system are constantly improving. In 2017, China established 118 overseas economic and trade cooperation zones in more than 50 countries. In addition, international investment rules are continuously improving, the Belt and Road multilateral investment framework system is gradually being implemented, and the advancement of trade and investment facilitation and other areas is progressing smoothly.

At present, although Belt and Road has good prospects for trade cooperation, there are obstacles to the trade process, such as generally higher trading costs, strict regional trade protections, and the influence of geopolitical games among great powers. Against such a backdrop, we should consider where China should start to strengthen trade cooperation in order to achieve the goal of unimpeded trade in the Belt and Road region.

First, China must select key countries with which to cooperate closely, exploit the complementary effect of bilateral trade, actively create a mutually beneficial trade environment, intensify interconnections and intercommunications in policy areas, explore innovative trade and investment cooperation models, and construct a comprehensive regional trade cooperation pattern.

## **16.1 Selecting Key Countries for Close Cooperation and Establishing a Reasonable Trade and Industrial Chain**

**Given the large number of countries along the Belt and Road route that are characterized by different levels of development and different attitudes, China should select key countries in each region as templates for economic and trade cooperation and construct a set of fully open regional cooperation corridors and maritime strategic supports.** Taking Central Asia as an example, Kazakhstan has responded positively to the Belt and Road strategy and is actively seeking an effective interface between the Silk Road economic belt strategy and its domestic economic strategy; therefore, China can first choose Kazakhstan as its focus in cooperation with Central Asia and then use the China-Kazakhstan cooperation model as a template to promote and copy in future cooperation between China and the other four Central Asian countries. In addition, Singapore, Indonesia, Malaysia, and other countries should be selected as key partner countries to advance Belt and Road strategy in the Southeast Asian region; India and Pakistan should be selected in the South Asian region; Russia should be selected in the former Commonwealth of Independent States (CIS) region; Saudi Arabia and Turkey should be selected in the West Asian region; and Poland and the Czech Republic should be selected in the Central and Eastern Europe region.

## **16.2 Exploiting the Complementary Effect of Bilateral Trade to Improve the Efficiency of Trade Cooperation “from Points to Area”**

**China should exploit the complementary effect of bilateral trade to improve the efficiency of trade cooperation “from points to area.”** First, China should strive to tap the potential of cooperation in import trade and then transform this potential into a realistic trade flow. On the one hand, China will use its own capital and technological advantages to promote infrastructure improvement, development of the manufacturing industry, and employment growth in regions along the route; on the other hand, China will use the history of Belt and Road strategy as a realistic trade flow to promote the balanced development of bilateral trade cooperation. Second, although the supporting measures of Belt and Road strategy have successfully broken through the bottleneck of the complementarity of export trade, the expected positive impact on China’s import trade has yet to materialize. China should use its existing advantages, introduce a bundle of measures tailored to local conditions, strive to create a good bilateral trade environment, turn potential trade space into real trade volume, and construct a Belt and Road international trade industrial chain.

### **16.3 Actively Create a Mutually Beneficial Trade Environment to Provide Necessary Support for Deepening Trade Cooperation**

**China should strengthen infrastructure interconnections and intercommunications with countries along the route, improve transport efficiency, and reduce logistics costs.** Infrastructure interconnections and intercommunications and cooperation architecture among countries along the Belt and Road route are far from complete, and the task of opening up barriers to traffic and logistics entails heavy responsibilities and a long road. These problems cannot be resolved overnight, nor can they be addressed by China alone. Rather, the participation and mutual coordination of countries along the route are needed.

**China should promote the facilitation of trade and investment.** China should actively establish free trade zones, overseas economic and trade cooperation zones, and cross-border economic cooperation zones together with countries along the route; strengthen bilateral investment protection agreements; avoid double taxation; eliminate trade and investment barriers; improve the conditions of border port customs clearance facilities; and strive to reduce customs clearing costs to achieve unimpeded trade.

**China should accelerate the construction of public information service platforms and improve public service capabilities.** China should accelerate the collection and release of relevant laws, access policies, and technical standards for key markets in the Belt and Road region. It should establish a departmental coordination mechanism to handle trade conflicts, accelerate the establishment of an early warning mechanism for trade conflicts, provide legal and technical advice and services, and guide relevant industries and enterprises in the management of trade conflicts.

### **16.4 Strengthen Interconnections and Intercommunications in Policy Areas and Facilitate Dispute Resolution Mechanisms**

Through a variety of platforms for bilateral, multilateral, regional, and international high-level forums, industry organizations and influential enterprises are encouraged to actively participate in jointly strengthening the interconnections and intercommunications in specific policy areas and to eliminate the “policy barriers” caused by the different trade policies of countries along the Belt and Road route from the macroeconomic policy area. Given the current comparatively loose state of cooperation in countries along the Belt and Road route, we should emphasize the resolution of disputes through negotiations while interfacing with existing trade dispute resolution mechanisms and establish a regional common expert group to resolve trade disputes through arbitration in cases that fail to reach agreement through negotiation. In the future, as trade cooperation between countries along the Belt and Road route

becomes increasingly close, we can consider the establishment of a regionalized judicial system for trade, investment, and financial disputes and the establishment of a corresponding enforcement system to assist the judicial institutions of every country to jointly participate in judicial intervention to facilitate dispute settlement mechanisms.

## **16.5 Innovating Trade and Investment Cooperation Models and Constructing a Comprehensive Economic and Trade Industry Cooperation Pattern**

**First, we should cultivate a new type of trade enterprise and open up the international market.** We should vigorously push for the development of cross-border e-commerce, launch the pilot work on comprehensive reform of cross-border e-commerce, and study the guiding opinions on promoting the development of cross-border e-commerce. We should cultivate a bundle of cross-border e-commerce platforms and enterprises and vigorously support enterprises in using cross-border e-commerce to open up the international market.

**Second, we should explore new models of investment cooperation to promote industrial development.** We should strengthen cooperation with Belt and Road countries in the division of labor in the industrial chain, promote the coordinated development of upstream, downstream, and related industries, and enhance regional industrial supporting capabilities and comprehensive competitiveness. We must actively cooperate with relevant countries to construct overseas economic and trade cooperation zones, cross-border economic cooperation zones, and other similar zones to promote the development of industrial clusters.

**Third, we should construct a periphery-based foreign trade association (FTA) network that radiates from Belt and Road.** While advancing Regional Comprehensive Economic Partnership (RCEP) negotiations, we should accelerate China's free trade agreement negotiations with the Gulf Cooperation Council (GCC), Norway, Sri Lanka, Pakistan, the Maldives, Georgia, Israel, and other countries and regions and study the plans for China's free trade agreements with India, Colombia, Moldova, Fiji, Nepal, Mauritius, and other countries.

**Fifth, we should promote multilevel economic and industrial cooperation.** We should strengthen cooperation with Southeast Asian countries in transnational industrial construction and tiered cooperation in the manufacturing industry; explore increased cooperation with European countries in areas such as smart equipment, machinery and equipment, nuclear power equipment, and rail transit equipment; deepen cooperation with CIS and Central Asian countries in fields such as oil and gas exploration and development, petrochemical product manufacturing, and deep processing of agricultural products; advance the construction of the China-Pakistan and Bangladesh-China-India-Myanmar economic corridors; and develop plans for energy cooperation with Arab countries in fields such as the energy, petrochemical,

and manufacturing industries. In the future, we should strengthen the trade layout with countries along the Belt and Road route, intensify trade cooperation, and take multiple measures simultaneously to optimize the trade cooperation framework and enhance international competitiveness.

## Chapter 17

# Legal Guarantees: Key Points on the Top-Level Design for Belt and Road Construction



In the process of implementing the Belt and Road initiative, numerous political issues, legal issues, and other problems created by the games played by great powers were confronted. At present, we urgently need to use existing multilateral and bilateral cooperation mechanisms and international laws to provide guarantees for the implementation of the Belt and Road initiative; we must also improve domestic legislation in terms of overseas investment management and overseas investment insurance. Before enterprises “go global,” they should be fully prepared in terms of the investment plan, national legal knowledge, and customs and language training.

First, we should use international legal means and existing mechanisms to resolve the legal problems hindering the implementation the Belt and Road strategy. Second, we should formulate a new overseas investment management law to prevent enterprises from committing illegal acts abroad. Third, we should establish investment and commercial insurance systems. Fourth, investment enterprises should abide by the laws of China and of the countries along the Belt and Road route, perform due diligence investigations before investing, and actively recruit legal talents, and so on.

One of the important goals of Belt and Road is to promote the free flow of economic elements, efficient allocation of resources, and deep market integration. The countries along the Belt and Road route differ substantially in terms of national conditions, including the level of economic development and the stability of political situations. China is mobilizing public opinion and conducting the initial stages of strategy implementation. Chinese enterprises participating in Belt and Road must obtain legal protection in advance, and Belt and Road construction needs further improvement and perfection of its legal protection mechanisms; these issues require Chinese governmental departments to use legal thinking and the rule of law to respond to various types of risks and challenges arising during the Belt and Road implementation process.

Foreign investment is at the core of China's Belt and Road construction, and safeguarding the interests of investment enterprises and investors is an important factor in the construction of the Belt and Road legal protection system. The path for Belt and Road legal construction has long been investigated; although the Chinese Government has encouraged enterprises to participate in Belt and Road construction through a series of measures, certain external legal problems remain for enterprises in Belt and Road construction.

First, the political situation in certain countries along the Belt and Road route is unstable, creating significant legal risks that must be faced in the transaction process. Instability will severely restrict the ability of the legal system to play its full role, and several countries have not yet formulated a sound legal system, which will lead to substantial legal risks in the course of investment and trade activities. Moreover, existing bilateral and multilateral cooperation mechanisms remain inadequate to protect the legitimate rights and interests of all parties and the legal system guarantees cannot achieve their desired effect.

Second, research on relevant laws and regulations in countries along the Belt and Road route is relatively weak, resulting in increased investment risk. Affected by political relations, certain countries along the route have formulated discriminatory regulations that are unfavorable to investment by Chinese enterprises, thereby hindering the normal entry of Chinese enterprises and products; other countries have enacted laws that severely restrict foreign investment in mergers and acquisitions, resulting in increased investment risks for Chinese enterprises in Belt and Road countries. At the same time, the Belt and Road foreign-related laws have applicability risks; that is to say, when a civil conflict arises, the court may be averse to protecting the legitimate rights and interests of Chinese enterprises, which results in conflicts of legal applicability.

Third, there is a lack of coordination between the policies and systems of relevant departments and countries. Trade protectionism is prevalent in certain countries; consequently, the construction of free trade zones is relatively weak and numerous systemic barriers have been established in the form of technical standards, access systems, customs inspections, and tariff rates, all of which impede the construction of the Belt and Road free trade system.

Fourth, Chinese enterprises that "go global" by themselves have problems related to corporate governance, enterprise systems, and operations and management. Many private enterprises in China have not yet established a standardized modern enterprise system or legal protection mechanisms and lack long-term plans for enterprise development.

The following measures may be taken to provide legal guarantees. First, use international legal means and existing mechanisms to resolve the legal problems impeding the implementation of Belt and Road strategy. Second, formulate new overseas investment management laws to prevent enterprises from committing illegal acts abroad. Third, establish investment and commercial insurance systems. Fourth, require that investment enterprises abide by the laws of China and of the countries

along the Belt and Road route, perform due diligence investigations before investing, and adequately recruit legal talent, among other measures.

### **17.1 Use International Law to Provide Guarantees for the Implementation of the Belt and Road Strategic Initiative**

The Silk Road is an “economic belt,” not an “economic zone.” We have not advocated the establishment of a closed integrated cooperative organization or supranational institution and do not intend to breach existing regional institutional arrangements; therefore, the conditions for establishing a regional legal coordination mechanism are not yet mature. Of course, we should make full use of existing international trade rules to solve current problems. For example, we can use the WTO dispute settlement mechanism or the investment dispute resolution mechanism established by the Washington Convention to resolve applicable disputes. Among the Central Asian countries, Kyrgyzstan, Tajikistan, and Kazakhstan have become WTO member states and Uzbekistan and Turkmenistan are endeavoring to join the WTO. Most countries along the Belt and Road route are member states of the Washington Convention. Thus, the use of existing dispute resolution mechanisms to resolve disputes is the primary approach.

The implementation of Belt and Road strategy involves numerous countries, and contradictory decisions will be reached by the courts of different countries for a single case, which increases the complexity of international commercial disputes. Measures to be taken include the following: First, it is imperative that international conflict law solutions be established through treaties to clarify the application of enterprise investment laws. Second, governments can address the problems created by the lack of consistent legal systems by entering into bilateral or multilateral agreements. Third, investment protection agreements should be executed with countries along the route. Then, if political risk is encountered, we can seek resolution with the host country through friendly negotiations, file a lawsuit in the host country’s courts, or submit the dispute to a special arbitration tribunal to defend the parties’ legitimate rights and interests.

### **17.2 Perfect China’s Overseas Investment Insurance and Legal System**

Countries along the Belt and Road route are in an area characterized by a high incidence of political problems. To avoid risks, enterprises can rely on the overseas investment insurance system. Overseas investment insurance is a special type of property insurance that protects domestic investors’ foreign investments. Such policies are underwritten for political risks that may be encountered; when a political risk within the scope of coverage occurs, they are compensated for a portion of the

loss on the investment property. Overseas investment insurance coverage is limited to political risk, which includes two aspects: first, uncertainty regarding future changes in the political environment of the host country, and second, uncertainty regarding the future behavior of the host country's people and government that may affect the interests of foreign investors. The purchase of overseas investment insurance is a necessary risk prevention measure in Belt and Road strategy.

However, at present, the scale of the overseas investment insurance system is limited and relevant legal systems have not yet received sufficient attention. China has not yet explicitly clarified the issue of export credit insurance (including overseas investment insurance) in any law or administrative regulation; instead, it manages the overseas investment insurance business through a series of departmental rules and a very low level of legislation. To meet the needs of the Belt and Road initiative, we must develop a comprehensive plan for establishing different types of insurance and expanding the scope of export credit insurance.

### **17.3 Formulate New Overseas Investment Management Laws to Prevent Enterprises from Committing Illegal Acts Abroad**

To gain the support and recognition of the international community, the Belt and Road strategic initiative must regulate enterprise behavior. The rule of law framework in China should provide effective and sustainable support for the implementation of Belt and Road strategy. In terms of legislation, it is necessary to not only provide benefits for enterprises that are “brought in” but also to supervise and protect enterprises that “go global.” We must improve the domestic legal system related to overseas investment and trade and establish a strict system of supervision. For example, Chinese enterprises that want to invest in foreign countries must possess certain qualifications, and we must conduct adequate prior reviews of enterprises' capital and technical capabilities. If enterprises violate China's overseas investment management laws, they should be punished accordingly.

In countries along the Belt and Road route, the current sovereign debt crisis is spreading, geopolitics are increasingly complex, and international trade protectionism continues to intensify. Meanwhile, competition in the international market is becoming fiercer. Before enterprises “go global,” they should be fully prepared in terms of their investment plan, acquisition of national legal knowledge, and customs and language training.

Through institutions such as the Chinese Ministry of Commerce and embassies and consulates located abroad, enterprises can investigate whether the investment host country and China have signed a bilateral investment protection agreement, whether the two countries have jointly entered into a regional investment protection agreement, whether a dispute resolution mechanism has been established, and whether the investment host country is a member state of the WTO or other international organization. Then, based on these investigations, enterprises can choose the investment target country and determine the best path for resolving disputes.

## Chapter 18

# Interest Protection: The Foundation for Enhanced Mutual Trust in Belt and Road



The questions of how China should find its proper role and positioning in global governance and how it should maintain overseas investment interests, avoid overseas investment risks, and achieve mutual benefit and win-win with countries along the route are major issues in Belt and Road development.

China must maintain mutual benefit and win-win as the core values and use broad consultation, joint contribution, and shared benefits as the global governance concept to accelerate the development of overseas interest protection capabilities and, working with the countries along the route, jointly forge a community of common interests, a community of common responsibility, and a community of common destiny with mutual political trust, economic integration, and cultural tolerance.

There are two major issues in the maintenance of overseas investment interests in Belt and Road construction. First, how does China enhance mutual trust with countries along the route and work with these countries to avoid investment risks? Second, how does China resolve investment disputes with countries along the route in order to effectively prevent the impairment of investment interests?

Thus, China must address the following problems: the lack of mutual trust between China and countries along the route, prominent political and legal risks, legal conflicts in the resolution of investment disputes, choice of dispute mechanisms, and the navigation of complex arbitration choices.

### 18.1 Providing Public Goods for Countries Along the Route as a Means of Enhancing Mutual Trust

The doubts of countries along the route regarding Belt and Road overseas investment stem mainly from a lack of clarity about the benefits that Belt and Road will bring and concerns that their interests will be harmed. China has successfully induced the construction of the AIIB, and the purpose of this bank is to strengthen infrastructure interconnections and intercommunications and economic integration and to provide

key support to infrastructure construction. To date, AIIB has provided USD 1.7 billion in loans for nine projects in countries participating in Belt and Road construction.<sup>1</sup>

- (A) **The focus of efforts to maintain overseas investment interests should be on increasing trust and dispelling doubts by conducting strategic interfaces in areas such as payment and settlement systems, construction of heart-winning projects, investment cooperation ideas and models, investment rules and regulations, and international investment institutions.**

With respect to the construction of a payment system, unimpeded payment and settlement is a precondition for expanding overseas investment. Therefore, China must continue to innovate and promote payment infrastructure, financial technology standards, and electronic payment services and accelerate the construction of cloud platforms and the development and application of big data. Regarding heart-winning projects, China should conduct extensive public welfare and charitable activities, including projects in medical and health care, education and poverty alleviation, and ecological and environmental protection in order to improve living conditions in impoverished areas along the route. In terms of global multilateral financial institutions, China should not only accelerate integration into global and regional development financial institutions but also continue to support growing roles for the AIIB, the New Development Bank, the Silk Road Fund, and the “16 + 1” financial holding company in Central and Eastern Europe; actively participate in the establishment of new multilateral financial institutions; and support the balanced development of global economic governance.

## **18.2 Expand Public Diplomacy and Legal Diplomacy to Achieve “Two Equal Emphases and One Need”**

- (A) **Place equal emphasis on publicity of policies and dispelling doubts, advocacy of bilateral and multilateral dialogues, expansion of areas of overlapping interests, and forging an economically integrated community of common interests.**

China should further publicize its overseas investment policies and basic spirit to help countries along the route to understand the benefits of jointly protecting overseas investment interests and thereby expand areas of overlapping interests in order to jointly forge an economically integrated community of common interests. China must advocate bilateral and multilateral dialogues to avoid a one-way model of information transmission that causes misunderstandings on all sides and consider the translation of relevant vocabulary to avoid misunderstandings and cognitive bias in countries along the route.

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<sup>1</sup> Xi Jinping: *Work Together to Build the Silk Road Economic Belt and the 21st Century Maritime Silk Road—Speech at the Opening Ceremony of the Belt and Road Forum for International Cooperation*, May 14, 2017.

- (B) Place equal emphasis on diplomacy and legal construction, enhance identification with the rule of law in countries along the route, and forge a mutually beneficial, win-win legal environment for maintaining overseas investment interests.**

Laws provide stability and standardization to the maintenance of overseas investment interests, but in many countries along the route, the legal system applicable to investments is unsound, the judicial environment is poor, and there are frequent changes in the legal system. Thus, China should do the following: enhance identification with laws and legal mechanisms in countries along the route, including investment laws, investment dispute resolution mechanisms, legal advice mechanisms, legal aid systems, and other issues; encourage academic exchanges, visits, and the investigation of domestic and international laws in the investment field; establish a Belt and Road legal elite training program; strengthen international judicial assistance to countries along the route; urge the conclusion of bilateral or multilateral mutual legal assistance agreements; fully utilize cooperation mechanisms in the judicial field, such as the Shanghai Cooperation Organization (SCO) Meeting of Supreme Court Chief Justices; advance cooperation among judicial institutions in various countries along the route; establish a working platform for ascertaining foreign laws; and finally, work with countries along the route to jointly forge a mutually beneficial, win-win legal environment for the maintenance of overseas investment interests.

- (C) The concept of overseas green investment requires the construction of a set of environmental protection standards that are in line with international norms, highly effective in the elimination of investment doubts, and able to promote sustainable development.**

Along the Belt and Road route, there is a rich concentration of new energy sources, including solar energy and wind power, and new energy projects, such as photovoltaic and wind power projects. Moreover, many countries along the Belt and Road route have established clear environmental protection standards. In this regard, China should first join the participating countries in Belt and Road construction to develop a set of environmental protection standards that are in line with international norms, highly effective, and able to create a win-win situation for the host and investor countries. In addition, China should establish a completely transparent information disclosure mechanism for environmental issues and encourage enterprises to regularly publish ecological and environmental protection data to countries along the route. Second, China should strengthen communications and exchanges with relevant stakeholders in countries along the route to eliminate misunderstandings and investment doubts and increase trust. Finally, overseas investment enterprises should use ecologically and environmentally friendly materials and technical processes to ensure low-carbon and green infrastructure construction.

### **18.3 The Construction of Systems and Institutions for the Maintenance of Overseas Investment Interests**

- (A) Actively use existing multilateral investment cooperation mechanisms, explore diverse overseas interest maintenance mechanisms, and promote the standardization of overseas investment interest rights.**

In terms of system construction, China should actively involve the SCO, China-ASEAN ("10 + 1"), APEC, Cooperation (CAREC), and other existing multilateral cooperation mechanisms.<sup>2</sup> It should also explore multilateral investment treaties with countries along the route, a Belt and Road investment dispute resolution mechanism applicable to all countries along the route, a mechanism for maintaining Belt and Road overseas investment interests, and so on. Furthermore, China should establish highly effective legal systems for maintaining overseas interests, including a legal system for overseas investment supervision, a legal system for overseas investment, a legal system for overseas investment assistance, and an insurance system for overseas investment. In terms of informal systems, it is appropriate to explore mechanisms such as memorandums, statements, cooperation frameworks, and ad hoc arrangements for the maintenance of overseas investment interests.

- (B) Utilize the Convention Establishing the Multilateral Investment Guarantee Agency (MIGA Convention), establish an institution for Belt and Road investment dispute resolution, and accelerate the process of resolving disputes regarding overseas investment interests.**

In terms of institution construction, China should first strengthen cooperation and exchanges with multilateral investment guarantee agencies to reduce suspicion among overseas investors and countries along the route. Then, China and the relevant countries along the route should jointly set up an institution for Belt and Road investment dispute resolution. The institution for Belt and Road investment dispute resolution should embody the common wishes of countries along the route and provide institutional guarantees for the overseas investment interests of China and other countries along the route. Second, the establishment of an institution for investment dispute resolution can be started by non-government entities and then be passed officially to intergovernmental agencies to reach a consensus. Third, arbitration should be used as the main mode for resolving investment disputes and the dual role of the law and diplomacy should be applied to the resolution of investment dispute issues.

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<sup>2</sup>National Development and Reform Commission, Ministry of Foreign Affairs, Ministry of Commerce of the People's Republic of China: *Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road*. March 28, 2015.

## **18.4 Construction of a Mutually Beneficial, Win-Win Procedural System for Preventing Overseas Investment Risks**

- (A) The construction of a mutually beneficial, win-win procedural system for preventing overseas investment risks will help to form a mechanism for “sharing benefits and risks” and increase the success rate of overseas investment.**

The process of maintaining overseas investment interests and avoiding investment risks should include environmental investigation, functional responsibilities, goal setting, risk identification, risk assessment, risk response, control activities, information transmission, and monitoring. Therefore, China should construct a risk management institution that includes management authorities and major stakeholders and clarifies the roles and responsibilities of all parties in risk management and control. At the same time, China should define risk capacity according to the specific objectives of risk management and control, analyze the precipitating factors and resulting outcomes of risk occurrence, select risk identification technology, assess the possibility and impact of political, legal, and social risks and the links between related events, and select a response plan based on the results of the assessment.

## Chapter 19

# Tax Law Innovation: An Important Guarantee for Chinese Enterprises that Go Global



Cross-border taxation issues between China and the countries along the route cannot be ignored because they involve multiple tax law systems of countries along the route. China must promote tax policy coordination and improvement with countries along the Belt and Road route to achieve common development and common prosperity for countries along the Belt and Road route.

With respect to taxation, helping Chinese enterprises to go global will require the coordination and cooperation of relevant departments; the construction of a tax law system; clarification of tax-supported industries, regions, targets, etc.; improved tax incentive policies; improved export tax rebate systems; and the accelerated negotiation, signing and implementation of tax treaties between China and the countries along the route, the work of implementation, among other things.

Since the Belt and Road initiative was put forward, the intent to achieve regional multilateral cooperation has gradually reached a more in-depth and comprehensive development consensus. The taxation issues that accompany cross-border economic and trade activities appear to be particularly important; they not only involve the jurisdiction and sovereignty of various countries over taxation but also concern the economic decisions of enterprises whether and how to “go global.” There are many different legal systems in countries along the route, including the continental law system, Anglo-American law system, and Islamic law system, and each country has its own way of doing things under its specific system. The relevant provisions of the corporate income tax law involve legal issues that are closely related to the implementation of the Belt and Road Initiative and thus are the primary issues of concern for Chinese enterprises that decide to “go global.”

## 19.1 Construct a Tax Law System

In reforming the tax system, we must pay attention to planning in three overarching areas, that is, domestic and foreign relations; China’s global core competitiveness; and the spillover effect of domestic laws on other countries. There are three tradeoffs

that must be made in crafting tax legislation: tradeoffs between “bringing in” and “going global”; tradeoffs between the domestic and foreign impacts of legislation; and tradeoffs involving the extent to which the formulated agreements and terms embody global vision and thinking.

First, China’s Ministry of Finance and the State Administration of Taxation should organize, classify, and merge all regulations in the Chinese taxation system that are related to the international business of enterprises and prepare a manual on international business tax collection and management in countries along the Belt and Road route as a reference for enterprises and individuals. Tax authorities should also arrange for special departments to promptly collect new taxes imposed by China that support Belt and Road and record these payments in the tax collection and management manual. Tax authorities should also hold regular lectures on the contents of the manual to educate enterprises.

Second, we must not only develop a system of preferential Belt and Road tax policies in the form of a tax collection and management manual but also develop a complete legal system that includes improvements and amendments to tax policies in order to help and incentivize enterprises to develop international businesses in countries along the route. For industries and enterprises that require unique support, independent provisions may be drafted, but we must pay attention to the fairness of the tax burden.

Finally, we should supervise and manage the behavior of enterprises when they launch businesses abroad and determine their legal status, rights and interests abroad in consultation with their respective home countries in order to adapt to the current environment of economic globalization.

## 19.2 Clarify Tax-Supported Industries, Regions, and Targets

- (A) **China must clarify the industrial orientation; specifically, Belt and Road preferential tax policies should mainly support infrastructure construction projects, service industries, and commodity trade in countries along the route.** We should reduce the tax burden of enterprises that launch businesses in countries along the route through the coordination of a variety of preferential tax policies. We could provide tax deductions and exemptions or preferential benefits of a certain amount and for a certain number of years for such enterprises. Regarding income taxes, double deductions may be adopted for certain fees or the taxable amount may be credited, the scope and proportion of export tax rebates may be expanded, and so on.
- (B) **China should clarify the regional orientation; specifically, preferential tax regions should be concentrated in most Asian countries and in countries along the route in the Middle East, Central Europe, and Africa.** For enterprises that launch businesses in these countries, we could apply lower tax rates

or exemptions, allow double deduction of their fees, or exclude the income generated in these countries from their taxable income.

- (C) **China should clarify that the main target of preferential tax policies should be small and medium private enterprises.** State support for small and micro enterprises has always been a policy concept; therefore, these enterprises should also be given appropriate preferential benefits in international business endeavors in order to nurture their development and growth.

## 19.3 Perfect Tax Incentive Policies

For tax credits, tax departments can add a “comprehensive credit method” based on the previous “per-country basis” method and allow enterprises to freely choose which calculation method is best suited to their business. China should refer to foreign practices by implementing multi-tiered credits to reduce the tax burden of enterprises that invest abroad.

For tax sparing credits, tax departments should further increase the number of countries signing the tax treaty, analyze areas in which the current signed tax treaty remains flawed, make improvements in a timely manner, and take the initiative from the home country position to assume tax liability.

For corporate income tax, first, an enterprise can set up a loss reserve when it conducts business overseas and deduct this amount from its taxable income to reduce its tax burden; if actual losses of foreign investments occur, reasonable and legally appropriate credits or deductions may be taken. Second, if an enterprise has purchased fixed assets overseas, the enterprise can depreciate the fixed assets to reduce its taxable income. Third, if an enterprise is temporarily unable to pay corporate income taxes due to cash flow problems, it may apply for deferred tax payments, and the specific timing and scale of the deferred payments can be determined based on the nature of the enterprise and the specific business operated by the enterprise. Fourth, if an enterprise has paid corporate income taxes abroad, it may apply for a credit for the amount of taxes paid overseas when calculating its domestic taxable income in China. Fifth, before a loss is carried forward, the enterprise may be credited for the amount of a domestic loss within five years when calculating taxable income. The overseas losses of an enterprise should be included in the scope of loss credits to allow the government and the enterprise to share risks and benefits.

## 19.4 Improve the Export Tax Rebate System

The current export tax rebate rate in China is extremely low compared with the rates in developed countries, the types of taxes that are eligible for export tax rebates are very limited, and the structure of export tax rebates fails to meet the practical requirements of enterprises.

The sharing mechanism of China's export tax rebates needs improvement. At present, export tax rebates in China are jointly borne by the central and local governments, but the taxed commodities have gone through many steps from production to processing completion, flowing between several provinces, and then are exported to foreign countries; therefore, value-added taxes or excise taxes in this process are distributed among several provinces but the final export tax rebates are shared only by a single province and the central government. This system dampens the enthusiasm of local governments to encourage enterprises to increase exports.

China should implement a differential tax rate based on the orientation of industries and regions incentivized by tax policies and fully exploit the incentive role of the tax system. In terms of the types of taxes that are eligible for export tax rebates, the scope should be appropriately expanded, for example, by including urban construction taxes and education surcharges. China should improve the mechanism for sharing export tax rebates by appropriately decreasing the proportion shared by provincial governments or having the central government bear the burden of annual increases in export tax rebates in order to reduce the financial burden on local governments and thereby incentivize them to promote the local export trade.

### **19.5 Accelerate the Negotiation, Execution and Implementation of Tax Treaties Between China and Countries Along the Route**

Along the Belt and Road route, there are many differences in corporate income tax law among countries with Anglo-American legal system, countries with continental legal systems, and countries with Islamic law systems, which will inevitably create cross-border taxation coordination problems. For example, the lack of anti-tax avoidance clauses in the corporate income tax laws of many countries in Southeast Asia will affect the consistency of actions taken in countries that have Anglo-American legal systems or continental legal systems to address the problems of tax base erosion and profit transfers.

Among countries along the Belt and Road route, there are two categories of countries with Islamic law systems: oil and gas energy output countries and countries in regions of political and social turmoil. The best method for effectively coordinating cross-border taxation issues among countries with Islamic law systems and countries with other law systems to promote economic cooperation remains unclear. Another unavoidable problem related to conflicts in cross-border tax laws will be the coordination of taxes between countries that exercise a single territorial jurisdiction and countries that exercise both territorial and residential jurisdictions.

Therefore, it is necessary to accelerate the negotiation, execution and implementation of tax treaties between China and the countries along the route. In the early stages of the annual global tax administration conference, China can contact the

taxation departments of countries along the route to open a high-level discussion on Belt and Road taxation issues, help taxation departments to improve their collection and management abilities and to effectively organize tax revenues, and promote the far-reaching development of Belt and Road.

## Chapter 20

# Geographical Space: The Global Division of Labor in Belt and Road Forms a New Pattern



From the perspective of geography, the Belt and Road initiative embodies “inclusive globalization” and a win-win idea for cooperative development and harmonious development. It aims to construct a cross-regional cooperation platform and provide a more convenient means of regional cooperation to drive the development of countries along the route.

The proposal and construction of the Belt and Road initiative will cause changes in geopolitical and economic patterns involve the coordination of interests among participating countries, and affect international patterns. It will increase the demand for infrastructure construction in various countries, stimulate local economic development, induce the formation of a “local market effect” among related products in the local area, and drive foreign investment and trade. Belt and Road has to power to reshape domestic and foreign economic geography, convince relevant Chinese enterprises to move outwards, and promote the optimization and upgrade of China’s industrial structure.

Based on the Belt and Road geospatial review, Belt and Road construction is China’s active response to global development opportunities and challenges created by changes in the international situation. Through Belt and Road, China plans for the overall international and domestic situations, forges a new pattern of comprehensive opening up to the outside world, and advances China’s major strategic measures for cooperation and development with neighboring countries and regions. China uses the five-pronged approach to identify the key points of cooperation and strives for the construction of an open, inclusive, and cooperative regional governance system. Belt and Road has important geostrategic significance for the expansion of cross-regional cooperation, foreign investment, trade and transportation, and other geoeconomic development spaces for China across Eurasian continent. It will reshape the geopolitical and economic patterns of the Eurasian continent, create a peaceful and stable regional security environment, and comprehensively enhancing the political, economic, and cultural influences of China’s peripheral diplomacy.

## **20.1 The Belt and Road Initiative Embodies “Inclusive Globalization” and Is a Win-Win Idea for Cooperative and Harmonious Development**

Very early on, geographers proposed the idea of “inclusive globalization.” The Belt and Road initiative is a platform designed to facilitate common exploration by various countries for a new mechanism in international economic governance. “Belt and Road...is an important framework for driving the in-depth development of economic globalization...it does not simply continue the economic globalization of the past but is a new manifestation of globalization whose most prominent characteristic is the integration of the cultural connotation of the ‘Silk Road’...it is an expression of inclusive globalization”. This viewpoint has gained wide recognition. Compared with the neo-liberal globalization strategy, which emphasizes liquidity and concealed capital plundering, Belt and Road emphasizes the development of a multilateral, mutually beneficial, and win-win community. Inclusive globalization not only serves to expand capital space and increase capital accumulation but also takes into account the daily needs of the residents, emphasizes bilateral and even multilateral cooperation and consultation, and strives to forge a community of common interests, a community of common destiny, and a community of common responsibility characterized by political mutual trust, economic integration, and cultural tolerance.

## **20.2 The Belt and Road Initiative Aims to Construct a Cross-Regional Cooperation Platform to Provide a More Convenient Means of Regional Cooperation in Order to Drive the Development of Countries Along the Route**

From the perspective of geography, the Belt and Road initiative further eliminates the concept of states and borders and encourages cross-border liquidity between various countries. The free flow of commodities, capital, technology, and personnel is the foundation of globalized prosperity. At present, more than 40% of global GDP is created by the free flow of commodities, services, and capital across borders. The economic prosperity of a country or a region is decided not only by economic volume and population scale but also by the degree of its international interconnections and intercommunications. Belt and Road emphasizes mutually beneficial and win-win cross-regional cooperation; increases the degree of interconnection between various countries; revitalizes and promotes the orderly and free flow of economic elements, the efficient allocation of resources, and deep market integration; urges all countries to achieve economic policy coordination; is committed to forging an open, inclusive, balanced, and universally beneficial regional cooperation architecture; and intends

to maintain a global free trade network and open global economic system. The core of the Belt and Road initiative is the creation of mutually beneficial cooperation among the Asian and European continents and the coastal countries of Southeast Asia and enhanced mobility between the Eurasian continent and the coastal countries of Southeast Asia. The scope of this cross-regional cooperation will further increase and hopefully establish a new cycle of the global economy.

### **20.3 Belt and Road Construction Will Create New Geopolitical and Economic Patterns, Involve the Coordination of Interests Among Participating Countries, and Affect International Patterns**

As Belt and Road construction advances, the “right of rule-making” for economic and trade activities along the route may also be redistributed. Using the emerging ports as a fulcrum, China should initiate and promote negotiations on various issues in free trade agreements and free trade zones. By organizing the modes of international economic, financial, trade, and shipping centers, Belt and Road will redistribute the right of international trade dominance, right of product pricing, and right of resource allocation. The focus of the Belt and Road initiative is intercommunication regarding infrastructure construction, followed by economic and trade cooperation. Adjustments of the international freight transport system will lead to a new focus for world economic and trade cooperation and change the original balance of interests between various countries. This change in the balance will create new opportunities for development, catching-up, and transcendence in countries along the Belt and Road route, thereby breaking the original international pattern and reshaping geopolitical and economic patterns.

### **20.4 Belt and Road Construction Increases the Demand for Infrastructure Construction in Various Countries, Stimulates Local Economic Development, Fosters the Formation of a “Local Market Effect” by Related Local Products, and Drives Foreign Investment and Trade**

At present, China’s infrastructure construction has accomplished great achievements, domestic market demand has shrunk, and a situation in which supply outstrips demand has appeared in relevant markets in China. To stabilize economic development, the Chinese government has paid substantial subsidies, which in turn has led

to the emergence of zombie enterprises. To solve this problem, the Chinese government proposes “supply-side reform.” On the one hand, supply-side reform requires the optimization of the industrial structure; on the other hand, it requires the redirection of supply to places where demand exists. Countries along the Belt and Road route, especially developing countries, urgently need to develop their economies but have encountered obstacles in the process of economic development due to weak infrastructure, which itself is caused by the lack of funds and an insufficient supply of related industries. These countries cannot conduct large-scale infrastructure projects comparable to those of China. Therefore, these countries urgently need an injection of funds and a supply of related products.

## **20.5 Belt and Road Construction Can Reshape Domestic and Foreign Economic Geography, Convince Relevant Chinese Enterprises to Move Outwards, and Promote the Optimization and Upgrade of China’s Industrial Structure**

Belt and Road construction is conducive to infrastructure construction in relevant countries along the route and promotes local economic development. At the same time, it can induce China’s related industries to shift toward relevant countries, which is conducive to the optimization and upgrade of China’s industrial structure, thereby achieving the goals of “supply-side reform.” The Belt and Road initiative has the power to expand the space for economic activities along the route and reshape the domestic and foreign economic geography. It is a good development opportunity for all countries participating in its construction.

At present, China is the largest trading partner state, the largest export market, and the largest source of foreign direct investment for most of the countries in the Belt and Road region. Therefore, first, we must unleash the powerful effect of trade structure by promoting upgrades of the industrial structure and high-quality and efficient development of the service industry. Second, we must unleash the competitive effect of trade liberalization by increasing industry productivity and cultivating new competitive advantages for the manufacturing industry. Finally, we must unleash the expansion effect of market scale by combining China’s dominant production capacity, the key technologies of developed countries in Europe, and the development demands of third countries. By opening up, a coherent and unified element market, capital market, service market, technology market, etc., will form and ably accommodate a larger scale of division of labor in the Belt and Road region. Opening up also promotes a level of specialization that will enable substantial increases in productivity, promote enterprise technological innovation, and foster the growth of emerging industries.

In summary, from the perspective of geography, the proposed Belt and Road construction faces many new entry points and opportunities that must be accurately analyzed and correctly understood. We will continue to draw on experiences and lessons from practice to steadily advance Belt and Road construction.

## Chapter 21

# Digital Trade: The Innovation Network of Belt and Road



The report of the 19th National Congress of the Communist Party of China claimed that we must build a cyber power, a digital China, and a smart society; develop a digital economy and share the economy; use Belt and Road construction as the key point from which to expand foreign trade, cultivate new forms of industry and new trade models, and advance the construction of a trade power.

The intent to rely on Belt and Road to launch foreign trade cooperation clearly indicates the specific path for practice. The development of China's digital economy will soon enter the fast lane, and digital trade, as a new form of industry for trade, has already become a core component of the digital economy.

China should maintain the principles of broad consultation, joint contributions, and shared benefits to actively build the "Silk Road Online" and "Digital Silk Road" jointly with countries along the Belt and Road route, drive the development of universally beneficial and inclusive international rules for digital trade, and steadily construct a complete ecological system for global digital trade in order to inject China's kinetic energy into the global economic recovery effort.

### 21.1 Digital Trade: The Power Source that Changes the World's Trade Patterns

**Digital trade is a product of globalization and digitization.** Globalization creates necessary and unprecedented favorable conditions for international trade. Arrangements between various countries, such as non-tariff measures, market access, and trade and investment facilitation, have become more open. For its part, digitization provides a corresponding and smooth means of international trade. New technologies, such as big data and smart terminals, have increased the extent of production, delivery, and payment electronization and driven the formation of markets for digital products and services.

**Digital trade is an innovative breakthrough in business models.** Digital trade is based on the Internet platform and relies on digital switching technology. It is an innovative business model for brand merchants and users to achieve the value of digital transactions. Enterprises can share customer resources in a platform for digital trade and solve information problems in trade relations in a one-stop manner. As for consumers, due to the openness of digital trade, there is a greater range of options for personalizing digital products and services.

**Digital trade is a catalyst for reshaping the global industrial chain.** Digital trade integrates global service resources into the industrial chain, forms a massive trade ecosphere, establishes a benign ecological environment for development, builds a better platform for small and medium enterprises (SMEs) to enter the global market, and allows SMEs to find the best location for themselves in the global industrial chain. In addition, digital trade can to a certain extent break the trade barriers of technology and standards, provide business cooperation opportunities for a greater number of enterprises, and thereby provide a broader space for global trade development and cooperation.

## 21.2 Digital Trade: The Emerging Strategic Fulcrum for the Belt and Road Initiative

The population base of countries along the Belt and Road route is massive, the economic complementarity between regions is relatively strong, and the degree of industrial correlation is high. Since 2013, under the bullish effect of the Belt and Road initiative, China's digital trade exports to countries along the route have shown explosive growth; indeed, the growth rate between 2013 and 2014 alone exceeded 80%.<sup>1</sup> Moreover, according to statistical data from the Ministry of Commerce, it is estimated that by 2020, the scale of China's cross-border e-commerce transactions will exceed CNY 12 trillion, accounting for more than one-third of China's total foreign trade. As an emerging strategic fulcrum of the Belt and Road initiative, digital trade is generating substantial dividends for the development of economic cooperation among various countries.

**Digital trade responds to Belt and Road policy communication.** Digital trade has deepened exchange and cooperation at policy levels including customs inspection, tax remittance, data transactions, and cyberspace governance, promoting global trade while responding to "policy communication." As a new form of industry, digital trade lacks universally beneficial and inclusive international standards and rules; thus, while constructing the digital Belt and Road and developing digital trade, it is important to enhance policy communications on data transactions and commercialized operations in various countries, interface with the economic strategies of various countries, and encourage the establishment of a more just digital trade governance system.

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<sup>1</sup>Report on the Belt and Road Cross-border Digital Trade Development (2017).

**Digital trade accelerates Belt and Road linkage.** The development of digital trade will inevitably promote the rapid development of logistics and transportation industries, accelerate road connectivity from the perspective of industrial demand, and increase trade efficiency. The huge trade potential along the Belt and Road route will also stimulate the demand for road connectivity construction. To date, China has signed more than 130 bilateral and multilateral agreements involving railways, highways, water transport, civil aviation, postal services, and so on with countries along the Belt and Road route. By the end of 2016, China had established direct routes with 43 countries and established 46 operational lines with Europe for the China Railway Express. As an emerging growth point, the development of digital trade will further compel the acceleration of construction of transportation networks.

**Digital trade achieves the Belt and Road goal of unimpeded trade.** Unimpeded trade is an important goal of Belt and Road construction. Digital trade is an emerging strategic fulcrum of Belt and Road construction, and sharing the achievements of digital trade with countries along the Belt and Road route is an important means of promoting Belt and Road construction and achieving “unimpeded trade.” The huge digital trade ecosystem has enriched the main body of trade transactions and broadened the space for global trade cooperation. Digital trade uses modern network technology to simplify the customs clearance process and facilitate trade, greatly reducing the transaction costs of enterprises and consumers and achieving the Belt and Road goal of unimpeded trade.

**Digital trade guarantees Belt and Road financial integration.** The service trade in digital trade is committed to forging supply chain systems such as payment, finance, and logistics systems; maximizing currency value and reducing currency risk in trade; and ultimately achieving “financial integration.” China’s e-commerce economy, mobile payment capabilities and Internet finance are all global leaders; through the development of digital trade and increases in the trade and financial cooperation with countries along the route, a large number of market operation financial products have been provided to countries along the route, effectively promoting the internationalization of the Renminbi and financial integration.

**Digital trade promotes the Belt and Road goal of people-to-people connectivity.** Commerce that connects the five continents and trade that spans the four seas are the common aspirations of the people of the world. The ancient Silk Road was developed through the circulation and exchange of commodities between the East and West, and the Belt and Road initiative has activated the historical and cultural spirit shared by the countries along the route of the ancient Silk Road. Belt and Road digital trade in the era of big data includes exporting commodities and exchanging experiences through cross-border e-commerce, which is conducive to gaining an in-depth understanding of the culture, history, and religion of the countries along the route, narrowing the gaps in understanding between countries, and enhancing civilized mutual learning, all of which promote the “people-to-people connectivity” goal of Belt and Road construction.

### 21.3 Digital Trade: Exploration and Analysis of the Path for Belt and Road Global Governance

**We should interface with the digital economic strategies of various countries and increase the convergence of points of interest.** The global economy and society is entering a digitalized era, and numerous countries along the Belt and Road route, including India, Malaysia, and the United Arab Emirates, have formulated development strategies for a digital economy, which shows that countries along the Belt and Road route have a certain degree of foundation in digital trade development. Trade is an important engine of economic growth. Under the cooperation framework of the Belt and Road Initiative, China should actively interface with the digital economic strategies of various countries along the route, seek space for digital trade cooperation, and strengthen cooperation in areas such as digital infrastructure, e-commerce, and network governance. Countries along the route can exploit late-comer advantages in the digital economy and overtake the curve.

**We should build a financial settlement platform to improve service support capabilities.** As of June 2016, China had signed local currency exchange agreements with 19 countries along the route and Chinese banks had established branches in 18 countries along the route.<sup>2</sup> However, it is still difficult to meet the needs of the rapid development of digital trade. To accelerate the development of cross-border e-commerce, a financial settlement service platform should be built and a unified payment and settlement network system should be established gradually to foster universally beneficial financial innovation in Belt and Road and enhance service support capabilities.

**We should intensify cyberspace governance and improve legislation related to digital trade.** Viewed from the standpoint of international cooperation, it is appropriate to thoroughly study and strictly guard against the cybersecurity risks that threaten the digital Belt and Road; increase multilateral and bilateral international coordination and cooperation in transnational law enforcement; and build a strong security firewall. Regarding big data, it is necessary to improve the mechanisms for Belt and Road big data transactions, circulation, and supervision; improve policies and regulations related to digital trade; increase the efficiency of data circulation; reduce the moral hazard and adverse selection caused by information asymmetry; and ensure the reasonableness and orderliness of the digital trade market.

**We should construct inclusive and universally beneficial rules for digital trade to optimize the digital trade environment.** At present, new types of trade barriers reflected by a government procurement bias toward local products, conflicting standards of privacy protection in digital cross-border flows, different network review standards, and a deluge of practices that infringe intellectual property rights, among other issues, have seriously threatened and restricted the development of digital trade. As it accelerates the construction of a Belt and Road digital trade regulation system, China must objectively judge the international development trends in digital trade

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<sup>2</sup>Big Data Report of Trade Cooperation under the Belt and Road Initiative (2017).

and accurately grasp the interests and concerns of all parties. It should use the historic opportunity of the Belt and Road initiative to take the lead in initiating discussions on international rules for digital trade and the introduction of more mature domestic policies in countries along the Belt and Road route. In addition, China should actively advance the development of fair and reasonable regional and multilateral digital trade rules.

**We should advance the construction of a digital free trade zone and innovate digital trade cooperation models.** China should enrich the digital trade cooperation model, promote the efficient flow and allocation of global production elements, promote the deep integration of physical and information industries along the route, and construct a global economic innovation system. In so doing, China will allow Belt and Road construction to become a road to peace, a road to prosperity, a road to openness, a road to innovation, and a road to civilization, thereby achieving mutually beneficial and win-win conditions for sustainable development.

## Chapter 22

# Financial Guarantees: A Prerequisite for Belt and Road Construction



Finance is the blood of the modern economy, an important element of national competitiveness and a prerequisite for the smooth implementation of the Belt and Road initiative. Financial innovation is the eternal theme of the financial integration process.

Belt and Road construction has provided a broad international platform for financial innovation. The appropriate use of financial innovation as a starting point to establish a financial guarantee mechanism with continuous stability and controllable risks and to boost Belt and Road financial integration has become a major issue in Belt and Road construction.

Belt and Road construction has provided a broader international platform for the expansion of China's financial markets and the perfection of China's financial system. Due to wide strategic coverage and a long implementation period, financial innovation is facing restrictions created by its own defects and insufficiencies as it drives Belt and Road construction. To this end, a national credit system should be created and related laws and regulations should be perfected as soon as possible to ensure national financial security, enhance the construction of a financial institution system, expand the coverage strength of financial services in the region, and intensify financial supervision and cooperation.

### 22.1 Perfect the Intercommunication and Mutual Trust of the Financial Credit System and Provide Comprehensive Guarantees Through Laws and Regulations

The national credit system and related laws and regulations are important “passports” in Belt and Road construction and are key links in the financial innovation process. China should work together with countries along the route to build a Belt and Road credit system; at the same time, it should also improve the national credit law system.

### ***22.1.1 Build a Financial Credit System, Which Is Fundamental to Financial Integration***

There are only a handful of internationally renowned credit rating agencies, and even fewer are involved with the field of international special projects cooperation. China should integrate the credit power of the financial institutions in countries along the route, construct a suite of efficient and transparent Belt and Road country-based financial credit systems, and accelerate the perfection of the global credit rating system. In addition, China should actively forge its own national credit rating brand and contribute to Chinese wisdom to the development of international country-based credit risk rating methods.

### ***22.1.2 Introduce Innovative, More Relevant Policies, Which Provide a Foundation for the Construction of a Credit System***

China's financial regulatory departments need a coordination mechanism through which they can achieve long-term cooperation and develop laws and regulations to adapt to Belt and Road construction within the scope of their respective financial supervision; this effort will provide a foundation for the construction of a credit system. China should improve the credit law system, introduce innovative and more strongly relevant credit laws and regulations (such as a Belt and Road credit risk guarantee law), develop joint credit cooperation policies with countries along the route, and continuously develop and innovate China's foreign aid law system.

### ***22.1.3 Fully Rely on National Credit to Launch Major Cooperation Projects, Which Is the Main Bright Spot in the Construction of a Credit System***

To address country-based risk in the Belt and Road region, China should rely on national credit status to rate the countries along the route in terms of their capabilities to participate in major project cooperation; at the same time, it should develop a differentiated country-based credit and loan policy and establish a good faith system for market entities, especially the credit reporting systems of enterprises in countries along the route. In addition, China should also accelerate improvements to the credit capacities of countries along the route, rapidly advance the construction of the credit system and, on this basis, launch major cooperation projects to boost the smooth implementation of Belt and Road international cooperation projects.

## **22.2 Perfect the Construction of the Financial Institution System to Facilitate “Coming in” and Stabilize “Going Global”**

China should construct a comprehensive and three-dimensional financial institution system and establish a multi-level and fully functional financial market that can effectively facilitate financial support for policy-, commerce- and development-oriented finance and promote direct financing, indirect financing, structural financing, and other diversified financing channels to expand the network layout of financial institutions and thereby meet the massive capital demands of countries along the route.

### ***22.2.1 Policy-Oriented Financial Institutions Must Deeply Cultivate Their Fields, Exploit Long-Term and Leading Advantages, and Provide Early Guidance and Support for Commerce-Oriented Finance***

China should take full advantage of the long-term and leading role played by policy-oriented financial institutions (such as China Development Bank (CDB), Silk Road Fund, China Investment Corporation, Exim Bank of China, China Export and Credit Insurance Corporation, etc.). Through these institutions, China can provide start-up capital of an equity nature based on strategic advanced planning and systems designed to ensure the development direction of regional finance. Moreover, it can provide strategic supporting resources in the form of financial cooperation to major projects in infrastructure, energy resources, and industrial development and effectively supplement fields in which commercial finance cannot invest.

### ***22.2.2 SMEs and Private Capital Should Actively Participate in the Formation of a Collective Force of Private Capital Accumulation to Add Vitality to the Belt and Road Financial Market***

China should accelerate the construction of financing models, such as PPP and build-operate-transfer (BOT) and mobilize the enthusiasm of social capital for entry into Belt and Road construction. In particular, we should encourage and guide SMEs and private capital. First, we must develop a Belt and Road equity investment fund led by private capital, increase the liquidity of social capital, and induce the development of diversified investment and financing models to vitalize the financial market. Second, we must actively explore overseas investment funds for SMEs, unite financial institutions with private capital, and acquire more social capital for the construction

of Belt and Road infrastructure, thereby accelerating the process of Belt and Road interconnections and intercommunications.

### ***22.2.3 Advocate that China Go Global with Financial Institutions in Countries Along the Route and Accelerate and Promote the Process of Internationalization and Globalization of Chinese Financial Institutions***

On the one hand, we should encourage Chinese financial institutions to go global by establishing cross-border branches with financial institutions in other countries in the region, strengthening relationships with overseas commercial banks (through international settlement terms such as remittances, collections, and letters of credit), and launching international cooperative efforts with financial institutions in the region. In addition, we must encourage financial institutions of countries along the route to “come in” to China to provide cross-border commercial cooperation with respect to financial services (such as cross-border settlements, capital pools, and internal guarantees for foreign loans) and enrich China’s cross-border financial support vector.

## **22.3 Innovate Cross-Border Financial Services and Fosters Reform and Innovation of the Cross-Border Financial Management System and Mechanism**

The question of how to improve cross-border financial service capabilities and innovate cross-border financial services to meet the internationalization demands of countries along the route has become an important issue in the advancement of the financial integration process in Belt and Road construction.

### ***22.3.1 In Terms of Policy, Encourage Financial Institutions to Broaden the Scope of Cross-Border Financial Services and Facilitate the Implementation of the Belt and Road Initiative***

The Belt and Road initiative involves 65 countries along the route, the market space is vast, and the potential for development is enormous, which will inevitably give rise to demands for diversified comprehensive cross-border financial services. In this context, China should relax relevant policy controls, simplify the auditing and

approval procedures required for banks and other financial institutions to set up branches abroad, encourage and support commercial banks in introducing financial services in the regions along the route, perfect financial network services, join forces to provide financial support, and facilitate the implementation of the Belt and Road Initiative.

### ***22.3.2 Actively Develop the “Internet + Banking” Model, Develop Rich and Diversified Financial Services, and Enhance Cross-Border Financial Services Capabilities***

China should actively develop and launch new businesses, such as lending for international mergers, acquisitions, and restructuring and cross-border cash management; accelerate the advancement of big data and cloud platform construction; actively develop the “Internet + Bank” model; and enhance cross-border financial services capabilities. Banks and other financial institutions should accelerate innovation of more convenient and efficient payment tools, promote the diversification and facilitation of electronic payment services, and provide customers with customized asset allocation planning, investment and financing consultants, insurance consulting, and other services to meet diverse cross-border financial needs.

## **22.4 Establish a Regional Financial Supervision and Cooperation Mechanism**

China should establish a regional financial supervision and cooperation mechanism that can effectively guard against financial risks, safeguard regional financial security, and ensure consistency in the coordination of oversight policies within the region. Such a mechanism will accelerate the process of financial integration.

### ***22.4.1 Establish a Long-Term and Effective Regional Information Communication Mechanism, Expand the Scope of Information Sharing, and Consistently Coordinate Oversight Policies Within the Region***

China should strengthen communication and coordination among various oversight departments in countries along the Belt and Road route and establish a long-term and effective regional information communication mechanism. In particular, China

should strengthen cooperation and exchanges among credit reporting management departments; actively launch exchanges and cooperation in areas such as financial services, project resources, and credit reporting legislation; expand the scope of information sharing; and ensure consistency in the coordination and oversight of policies within the region.

#### ***22.4.2 Construct a Belt and Road Regional Financial Risk Early Warning System to Effectively Prevent Financial Risks and Ensure Regional Financial Security***

China should enhance the risk management practices of financial institutions and adequately manage customer credit risks. Special attention must be paid to country risks, market risks, and credit risks in various countries involved in Belt and Road. It should establish hierarchical management and effective monitoring and analysis of financial risk; provide risk compensation for overseas investment; discover latent risks in a timely manner; and ensure the financial security of regional member states.

## Chapter 23

# Industrial Cooperation: Belt and Road Shares the Path of Sustainable Development



With the continuous increase of its comprehensive strength and international influence, China has the ability and the willingness to provide more public goods to the world in a constructive manner. Advancing Belt and Road construction is a major deployment by China in the development of overall plans for the two general situations (domestic and international); it is also a strategic initiative to encourage countries along the route to strengthen mutually beneficial cooperation and to seek development and prosperity together.

Countries along the Belt and Road route are at different stages of industrialization, have different levels of economic development, and possess different resource endowments; consequently, industry types with different advantages are formed. As a developing country that has entered the late stage of industrialization, China's industrialization process is producing a greater "spillover" effect and China can engage in industrial interfaces and cooperation with countries along the Belt and Road route in many industrial fields. China should deeply explore the development potential of regions along the route; promote increased industrial upgrades, economic development, and industrialization in countries along the Belt and Road route; and allow countries along the route to ride or even "hitchhike" on China's development "express train" in a sustainable manner.

### 23.1 Analysis of the Level of Industrialization of Countries Along the Belt and Road Route

Countries along the Belt and Road route are at different stages of industrialization, have different levels of economic development, and possess different resource endowments; therefore, industry types with different advantages are formed. Three different types of gradients have also formed: the technology-intensive and high value-added industries of a country in the late stage of industrialization; the capital-

intensive industries of a country in the middle stage of industrialization; and the labor-intensive industries of a country in the early stage of industrialization.

Indicators including GDP, the ratios of primary to secondary to tertiary industries, the proportion of the manufacturing industry's added value to the commodity production sector's total added value, the proportion of urban population in the total population, and the proportion of primary industry to employment, among others, were used to comprehensively evaluate the state of industrial development in countries along the Belt and Road route. Singapore and Israel had the highest levels of industrialization in Southeast Asia and the Middle East, respectively. The level of industrialization in other countries was distributed among various stages. Nepal was the only country in the pre-industrialization stage, and there were 14, 16, and 32 countries in the early, middle, and late stages, respectively. Overall, countries along the Belt and Road route are still in the process of industrialization. Most of these countries are in the middle and late stages of industrialization, generally showing the structural characteristics of an "inverted trapezoid." This analysis confirms the importance of the Belt and Road strategies of "wide coverage" and "strong inclusiveness."

Compared with countries along the Belt and Road route, China's level of industrialization is relatively high. China should use the industrialization spillover effect to advance industrial interfaces and cooperation and provide more abundant and diversified forms of public products for relevant countries in order to enhance mutual trust in countries along the route.

## **23.2 The Chinese Path for Industrial Cooperation with Countries Along the Belt and Road Route**

At present, the import-export ratio of China to countries along the Belt and Road route reveals "limitation in the scope of exports and specificity of imported commodities."

In the industrialization process of China, excess production capacity is the main development bottleneck in the secondary industry. Therefore, in addition to the transfer of advantageous industries, we should encourage the high-quality and low-cost products that tend to be in excess in China but are urgently needed in other countries to "go global," which will form an important path for China's industrial cooperation with countries along the Belt and Road route, allowing them to achieve complementary supply and demand for both sides of cooperative arrangement, allowing each side to exploit its strengths, and enabling each side perform at its best.

By making full use of the complementarities in countries along the Belt and Road route, the industrial upgrade of the first industrial gradient countries will drive a corresponding upgrade of the second industrial gradient countries and the second industrial gradient countries will inevitably drive an upgrade in the third industrial gradient countries. In this way, we will achieve an effective transfer of the industrial chain in Belt and Road countries and the construction of a production network with a clear division of labor to form a new "flying geese" model for the division of labor and cooperation.

## **23.3 Suggestions for China's Industrial Cooperation Policy with Countries Along the Belt and Road Route**

### ***23.3.1 Establish, Perfect, and Advance the Industrial Capacity Cooperation System and Mechanism and the Support Service System and Construct a Complete Belt and Road Industrial Development System***

China should deepen reform, strengthen institutional innovation, and transform the foreign investment system from an auditing and approval system to a filing system that is supplemented by auditing and approval, and implement it in a practical manner; then, construct a promotion system for foreign investment and international cooperation on this basis. China should seek bilateral and multilateral agreements on investment protection with relevant countries and formulate corresponding advancement and support policies and measures. It should actively mobilize forces from all areas to establish a major project library to promote transnational industrial capacity cooperation and build an information platform and information network system. China should cultivate relevant intermediaries and encourage them to go global in order to provide relevant services for Chinese enterprises that “go global.”

### ***23.3.2 Innovate the Commercial Operation Model and Participate Extensively in and Be Responsible for the New International Economic and Trade Rules and the Economic and Trade Cooperation System Established and Led by China***

#### **23.3.2.1 Build a High-Level Overseas Economic and Trade Cooperation Zone**

It is suggested that China perfect its bilateral or multilateral cooperation framework with relevant countries in key policy areas including taxation, finance, industry, technology, talents, and technical standards; strive to create a set of preferential policies with high value and strong operability; and focus special policies on the implementation platform for high-level overseas industrial parks.

### **23.3.2.2 Innovate Using the PPP Model to Stimulate Infrastructure Investment and Industrial Capacity Cooperation**

Chinese enterprises must fully exploit their capital and technological advantages and actively explore cooperation in the form of “project contracting + financing,” “project contracting + financing + operation,” etc. They should also use BOT and PPP more often for qualified projects. China should draw upon the successful experience of CDB by initiating the establishment of an infrastructure investment and financing platform for countries along the Belt and Road route to solve the problems of long construction cycles, low returns, and difficulties in financing infrastructure projects, thereby promoting cooperation in the area of industrial capacity.

### **23.3.2.3 Actively Implement the Integration of Infrastructure Construction and Operation**

In the past, the main activities of Chinese enterprises participating in international infrastructure construction was the general contracting of construction or “design, procurement, and construction” (DPC) general contracting. These activities do not adequately meet the demands of the international market, are at the low end of the infrastructure and industrial capacity cooperation value chain, and earn meager profits. We must actively advance the “integration of infrastructure construction and operation” with an emphasis on increasing input in production-oriented services. We should also extend the external project contracting business chain at both ends, with engineering and construction as the main body, to shift the value chain system from “construction with sweat” toward “creation with wisdom.”

### ***23.3.3 Deepen the Integration of Industrialization and Informatization, Drive the Upgrade and Transformation of Related Industries, and Inject New Vitality into the Development of Modern Industries and Service Industries***

Industrial integration originates from the infiltration and crossover of industries within the information industry. Industrial integration is a new paradigm for industry that is formed through the coordinated development of informatization and industrialization. It is an inevitable result of social productivity advancement and industrial structural enhancement and an important new trend in domestic and foreign industrial development. The integration process of the information industry has led to the emergence of convergent products through technological integration. Moreover, the explosive energy emitted by information industry integration is rapidly changing the

model of social economy operation and injecting a powerful new vitality into the development of modern industries and service industries.

### **23.3.3.1 Improve the Potential for Independent Innovation in Information Technology**

The development level of information technology is the bottleneck that impedes the application of information technology and industrial integration. China should support the construction of a basic platform for science and technology, accelerate the implementation of standards and strategies for intellectual property rights, establish a mechanism for the promotion and application of patents, and advance the construction of a technological innovation system based on enterprises. It should formulate policies and measures that support and encourage independent innovation and guide the integration of production, education, research, and usage. China should encourage software enterprises to increase the proportion of products with industrialization, engineering, and proprietary intellectual property rights and promote information service business innovation.

### **23.3.3.2 Implement an “Internet +” Advanced Manufacturing Action Plan**

We should exploit China's first-mover advantage in the Internet realm, accelerate the implementation of the “Internet +” advanced manufacturing action plan in the industrial field, and nurture new Internet-based products, new forms of industry, and new models. First, we should accelerate the cultivation of new industry-Internet products. Second, we should accelerate the service-oriented transformation of the manufacturing industry. Third, we should promote the construction of an industry-Internet infrastructure system.

### **23.3.3.3 Vigorously Develop a Production-Oriented Service Industry**

The integration of informatization and industrialization can promote the development of a production-oriented service industry through service interaction. The rapid expansion of the scale of digitalization, the high degree of development in information technology, and the unification of information platforms is rendering the information flow associated with the industry increasingly powerful and important; ultimately, information flow will replace material flow to become the dominant foundation associated with industry. This industry development trend requires corresponding professional service support. In particular, production-oriented service system supports—such as a modern logistics distribution system, information service system, and credit service system—are necessary.

## Chapter 24

# Thoughts on Chinese Characteristics: The Harmonization of Inclusiveness and Modernization in Belt and Road



Socialism with Chinese characteristics has entered a new era. At the same time, socialist theories, systems, cultures, and roads with Chinese characteristics have continued to develop. The Chinese development model has expanded the pathways through which vast numbers of developing countries move toward modernization and has provided new options, contributing Chinese wisdom and the Chinese approach to solving the world's problems.

The biggest conundrum facing the world today involves development issues, and the core issue is how to enable developing countries to better achieve modernization development. On this issue, China's achievements have shaped the Chinese example, the Chinese approach demonstrates Chinese wisdom, and China's contribution benefits the entire world. Specifically, the Chinese development model provides important inspiration for developing countries that are seeking the road to modernization on four levels: political, economic, cultural, and ecological.

The Eurasian continent was the center of the world before the major geographical discovery in the 15th and 16th centuries, and the Silk Road was the main commercial route. In 1453, the Ottoman Empire occupied Constantinople, effectively severing the Silk Road that connected East and West. The effort to find another road to the wealth of the East led to a major geographical discovery that not only created a sea power era but also opened the era of globalization centered on the West; ultimately, the West became the center of the entire world. Over the past 500 years, Europe has dominated the process of globalization (during the first 400 years), followed by the United States. However, after entering the 21st century, the U.S.-dominated globalization system has started to disintegrate and China has gradually become the main leader of globalization. Thus, the center of the global system is gradually moving eastward.

According to the long-term forecast for the world economy by McKinsey & Company, by 2025, the center of the world economy will have moved from the United States to China. As the center of the world economy moves eastward, the international political structure also moves eastward, and the world that was centered on the West will gradually fade and global diversity will be restored. The Belt and Road initiative encourages opening up to the West—effectively driving the opening

up of western China and the development of landlocked countries such as Central Asia and Mongolia—and has promoted the concept of inclusive globalization in the international community. It has changed the face of historical regions along the Silk Road, such as Central Asia, which used to be the marshland of development; it has upgraded the notion of the Eurasian Continental Bridge to interconnection and intercommunication; and it has extended to places as far away as Africa to achieve time and space transcendence. More importantly, Belt and Road aims to reverse the unfair and unsustainable globalization trend and to lift the world out of the “rule of disorder” periodic law.

As stated by President Xi Jinping, “The world’s economic growth needs new impetus, development needs more universal benefits and balance, and the chasm between the rich and the poor needs to be bridged.” China is committed to helping every country in the world eliminate “peace deficits,” “development deficits,” and “governance deficits.” It will build Belt and Road as a road to peace, prosperity, openness, innovation, and civilization. The Belt and Road initiative shows that China has stepped back from modern times and bid farewell to the West—in other words, China is no longer trying to catch up to the West and thereby lose itself. Instead, it is walking on a road of development that is suitable for its unique national conditions and is encouraging more developing countries to walk on a road to development that is suitable for their own national conditions. This trend has extraordinary significance as a reference for vast numbers of developing countries as they move towards modernization.

## **24.1 Political Level: Focus on the People and Stay on the Road that Is in Line with National Conditions**

The people-centered development concept fully embodies the main position of the people and reflects the Communist Party of China’s value orientation, which maintains the supremacy of the people. China’s development has a high degree of people orientation, which has greatly inspired the enthusiasm, initiative, and creativity of the entire population; moreover, throughout the entire modernization process, the people have worked hard together, made joint contributions, and shared in the benefits. This is the fundamental reason why China’s road to modernization has become wider and more successful as it progresses. It is also an important inspiration for developing countries.

China regards the development of democratic politics as important component of political system reform. Democracy in Western countries is competitive; in accordance with its own national conditions, China has formed a unique model of democracy, following the path of electoral democracy, deliberative democracy, and a democratic system that incorporates democracy within the party. This democratic system with Chinese characteristics is becoming a new model of democratic systems

for the world. Vast numbers of developing countries cannot blindly pursue the Western model of democracy while ignoring their unique national conditions.

In the Belt and Road process, we advocate “broad consultation, joint contributions, and shared benefits,” which are also applicable to the spread of China’s deliberative democracy model. Belt and Road involves numerous countries; the relationships among various cultural traditions are complex; and multilateral cooperation must overcome all types of challenges. China advocates respect for the sovereignty of each country, maintains that all countries—big or small, strong or weak, rich or poor—are equal, and endeavors to strengthen cooperative relations through “broad consultation, joint contributions, and shared benefits”, allowing each party to voluntarily join Belt and Road based on its own interests and enabling a cooperative win-win outcome for Belt and Road.

## **24.2 Economic Level: Accelerate the Pace of Opening Up to the Outside World and Encourage the Formation of a New Pattern of All-Around Openness**

After decades of effort, China has become the world’s second largest economy. The rise of China shows developing countries that it is not only imperative that they achieve modernization but also possible. We have demonstrated to these countries how to overcome poverty, improve people’s livelihoods, advance innovation, and become prosperous. The extent of China’s openness is directly proportional to the speed of China’s economic growth; economic opening up and participating in the international division of labor system allow a country to exploit its comparative advantages and obtain support from the international market to achieve economic growth and social development. For developing countries with a relatively abundant labor force but relatively scarce capital, opening up to the outside world is particularly important. Opening up to the outside world “is reflected in an increase in international trade on the commodities market and embodied in the absorption of international capital in the capital market.”

China combines market economy with socialist values to form a socialist market economy with Chinese characteristics. China has combined the market with planning and has always maintained the government’s macro-control of the market; it is these characteristics that ensure China can avoid “government failures” and “market failures” in the course of economic development. In addition, China attaches importance to the creation and nurturing of new growth points. Belt and Road facilitates the free flow of cross-border commodities and fosters the development of international economic cooperation by improving infrastructure, facilitating customs clearance, reducing supply barriers, perfecting industry standards, and improving government services, etc. China Railway Express has had cumulative runs of more than 5000 trains. The number of cities in China with regular runs of China Railway Express is up to 33; China Railway Express now reaches 33 cities in 12 countries in Europe;

and the use of China Railway Express freight trains can decrease shipment time by two-thirds compared to maritime shipping. China Railway Express has become an important logistics passage for the region along the Belt and Road route, injecting new vitality into the economies of countries along that route.

### **24.3 Cultural Level: Establish Cultural Self-confidence and Encourage Civilized Exchanges and Mutual Learning**

China's unique discourse and the unique ideological culture that supports this discourse are organic components of the Chinese model, Chinese path, and Chinese experience. Western mainstream theories originate from the experience of developed countries; thus, such theories will have limited applicability in developing countries. In the spring tide of modernization and globalization, closing up a country is unfeasible; it is also unfeasible to indiscriminately copy the roads, theories, systems, and cultures of developed countries. Rather, the consultation of others must arise from a foundation of a fierce self-confidence in one's own roads, theories, systems, and culture.

From the perspective of cultural self-renewal, the Chinese culture can adapt to continuous improvements of its economic base and continuous changes in political and economic structures. It can also maintain its spiritual essence and respond to changes in a corresponding manner. Culture has multiple levels; when one cultural body collides with another cultural body, there will be a conflict between the strong and the weak, and the decisive factor lies in the economic foundation. More than 80% of the world's population lives in developing countries. These countries have the same dreams and ambitions as China with respect to the achievement of national modernization. The great rejuvenation of the Chinese nation enabled the realization of China's dream. Due to similar conditions in other developing countries, the theories that emerged from the revival of the Chinese culture and the experience of cultural self-confidence may help other developing countries to achieve modernization while continuing to contribute the power of their cultural self-confidence to the human race.

### **24.4 Ecological Level: Construct a Beautiful China and Promote Global Sustainable Development**

The report of the 19th National Congress of the Communist Party of China explicitly states that to "accelerate reform of the ecological civilization system, we must construct a beautiful China" and maintains that the harmonious coexistence of man and nature is a basic strategy for upholding and developing socialism with Chinese

characteristics in the new era. Emphasizing the construction of an ecological civilization, accelerating industrial transformations and upgrades, and achieving green development have become common goals in Chinese society. Man and nature are the community of life; we must follow the green and low-carbon development path to construct a clean and beautiful world. We must build an ecological system that honors nature and green development. The international community should jointly seek a road toward global ecological civilization; because the world shares weal and woe, we must go forward and meet challenges together.

The brilliant achievements of socialism with Chinese characteristics have great universal significance. Socialism with Chinese characteristics has expanded the path for developing countries to progress toward modernization; contributed Chinese wisdom and provided the Chinese approach to solving humankind's problems; broke the trend of reliance on the Western path; overcame the disadvantages of late development; and solved the conundrums facing many developing countries, such as development versus stability and opening up to the outside world versus independence and autonomy. In sum, China has made major worldwide contributions. We believe that under the leadership of the Belt and Road initiative, vast numbers of developing countries can steadily achieve modernization in a manner suited to their unique national conditions.